PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

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OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 481**

FIFTEENTH VOLUME OF SESSION 2007-2008

House of Commons

Monday 20 October 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Labour Statistics

2. **Bob Spink** (Castle Point) (UKIP): What assessment he has made of trends in the proportion of the labour force comprised of UK nationals. [227673]

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): The proportion of non-UK nationals in the labour force has increased as our economy has become more integrated into the European and world economies, but it is still low. Over nine out of 10 people in employment in the UK are UK nationals.

Bob Spink: I am grateful to the Minister for that answer. This is a sensitive area, and I have consistently raised the need to train and employ more of the 5 million British people who are currently of working age but who are being paid not to work, while many foreign nationals hold jobs in the UK. May I congratulate the Government on planning to take much-needed action to help more British people to get jobs in our economy, and may I gently urge the Minister to get on with the job quickly?

Mr. McNulty: With respect, we have been getting on with that job for some time now. Perhaps the hon. Gentleman is referring more directly to the other half of the equation—the introduction of the points-based system for immigration. That system was announced in 2005, before the last election, and it has been introduced in the speediest and most efficient manner possible.

Mr. Denis MacShane (Rotherham) (Lab): Will my right hon. Friend welcome the presence of the great many Irish and American citizens who are non-British nationals? Will he also join me in deploring a leaflet that has been circulated in south Yorkshire that attacks as non-British a Danish lady who has been here for 24 years and is a Labour councillor? The leaflet was circulated not by the British National party or the United Kingdom Independence party, but by the Liberal Democrats. They should be ashamed of themselves.

Mr. McNulty: Given my name and background, I of course welcome Irish non-nationals to economic activity and productivity in the United Kingdom's labour market, as I do Americans and all others who contribute fairly. On my right hon. Friend's second point, Liberal Democrats do not change, wherever they come from and wherever they are in the country.

Mr. Nicholas Soames (Mid-Sussex) (Con): Does the right hon. Gentleman acknowledge that there is a good deal still to be done in respect of training the United Kingdom work force? Does he agree that what we really need to do is cap the number of people who come here as immigrants in each year?

Mr. McNulty: I certainly agree with the hon. Gentleman's first point about training more UK nationals. That is perfectly fair. Central to the points-based system is a sector by sector assessment of exactly what the United Kingdom's economy needs at any given time from those outside the European Union. We might approach this issue from different ways, but we achieve the same end.

Mr. Frank Field (Birkenhead) (Lab): Has the Minister had a chance to look at the figures that his own Department has just published on new national insurance numbers? Is he as concerned as I am that, in Newham—the centre for our great new Olympic village, with huge public funds that are supposed to lead to local jobs and training—more than 20,000 new national insurance numbers were issued to non-British workers? For London as a whole, the number of new numbers issued was three times the number of young people under 25 who are not working. When are the Government going to try to deliver on the Prime Minister's promise of British jobs for British people?

Mr. McNulty: My right hon. Friend's point about Newham and, more broadly, about the London labour market belies his northern traditions, in the sense that the London labour market is absolutely distinct, compared with elsewhere in this country—quite rightly, given that it is the finest world city. On his broader point about the Olympic legacy for all people in London in relation to employment and to getting the right mix between the skills available and those requiring them, he is absolutely right. For a long time in the London market, there has been a mis-match between skills required and skills presented, particularly in an east-west dimension. Wearing my other hat, as Minister for London, I should be very happy to talk to my right hon. Friend about that.

Chris Grayling (Epsom and Ewell) (Con): I welcome the Minister to his first Work and Pensions questions in his new role. We hope that he enjoys it and that he manages to secure a promotion to full Cabinet rank in the not too distant future.

On 7 October, the Secretary of State said that the employment rate of 74.3 per. cent under this Government was

"the highest employment level that has ever been achieved in this country."—[*Official Report*, 7 October 2008; Vol. 480, c. 205.]

He also said that 800,000 more British-born people were in work then than there were in 1997. Does the Minister still stand by those statements?

Mr. McNulty: First, I thank the hon. Gentleman for his kind, but typically churlish, words. I look forward to working with him and hope that he retains his shadow Cabinet rank for a long time to come.

We stand by the figures, which are the highest ever. As I said in my earlier response, there has, of course, been a slight drop in the overall percentage of employment levels of UK nationals, reflecting the enlargement issues that we know plenty about. The figures are, however, still at record levels. As I have also said, more than nine out of 10 people employed in the UK labour market are UK nationals.

Chris Grayling: Ministers need to take a long, hard look at the figures they present to the House. According to the Library, the rate of employment under this Government has been lower than it was in the late '80s and lower than in the '70s. According to the Office for National Statistics, only 300,000 more British-born people are in work today than in 1997—not very impressive. Let me ask the Minister a different point. Why does he think that employment among British people has fallen by more 350,000 in the past two years, while employment among migrant workers has risen by nearly a million?

Mr. McNulty: More recently, the rate of participation in the labour market by UK nationals has gone up. The figures were quoted by the hon. Member for Hertsmere (Mr. Clappison) in the weekend newspapers. I am looking to see precisely how the 365 and 865 figures were reached—the answer, from what I have seen this morning, is, not in the most direct route. It appears that the definition of working activity is being played around with, as is the definition of a UK national and a foreign national. That is how those figures are reached. When I am clear about the provenance of the figures, however, I will get back to the hon. Gentleman.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): There is an ongoing issue in Milton Keynes about the ready availability of low-skilled jobs, which have attracted young people to leave school at the earliest opportunity to take them up. It is exactly those jobs that are first hit by the downturn in the economy. In that context, is not the route to success programme run by Milton Keynes college and aimed at this age group the right response to a recession—particularly the upskilling of young people so that they can take the jobs that are still available for which they were previously not qualified?

Mr. McNulty: My hon. Friend is exactly right, and I will happily visit Milton Keynes to look in more detail at what the college is trying to do. It must be right for the 16 to 19 cohort to be provided with as much opportunity as possible to get the upskilling—a dreadful word, but it will do—necessary to face whatever challenges the labour market poses in the future.

Benefit Payments

3. **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): If he will commission research on the effect on benefit payments of provision to patients with rheumatoid arthritis of treatment that enables them to continue in or return to work. [227674]

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): Although we have no plans for specific research on people with arthritis, the Department of Health and the Medical Research Council carry out a range of research projects concerned with arthritis and other rheumatic disease, and I will work closely with my ministerial colleagues on the work and health agenda.

Mrs. Riordan: Is the Minister aware of a recent report finding that diseases such as rheumatoid arthritis are responsible for the loss of 9.5 million working days a year, at a cost to society of more than £7 billion? Has the Minister or his Department had a conversation with the National Institute for Health and Clinical Excellence to help ensure that the broad costs to society are looked at and that those suffering from this terrible disease are given the necessary drugs and treatment at an early stage so they can carry on working and living normal lives?

Jonathan Shaw: I am grateful to my hon. Friend for that question. I am sure that she will be aware that Arthritis Care presented a report to MPs in Westminster just a few weeks ago, which expressed concern about people with arthritis—both those in work and those

looking for employment. We have, of course, doubled Access to Work, which could be of assistance to that group of people and we have also invested £1.1 billion in pathways to work to assist disabled people to find work. I am certainly happy to discuss this issue and the report I mentioned from Arthritis Care to find other ways to assist these people either to stay in work or to find work.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Rheumatoid arthritis particularly affects people in the workplace. Many people with RA wish to continue normal work, but barriers often prevent them from working as normal. Can the Minister commit to using private and voluntary sector back-to-work programmes in addition to Government ones?

Jonathan Shaw: I can certainly commit to ensuring that a range of providers, in the public, private or voluntary sector, operate in the pathways to work programme. It is important to have systems in place to allow entrepreneurs, particularly those in the smaller niche charities, to deal with individuals' specific concerns and conditions so that we can meet our target of taking 1 million people off incapacity benefit.

Unemployment

4. **Mr. Andrew Robathan** (Blaby) (Con): What assessment he has made of recent trends in levels of unemployment in the UK. [227675]

5. **Mr. Rob Wilson** (Reading, East) (Con): What assessment he has made of the future trends in the level of unemployment in the UK. [227676]

The Secretary of State for Work and Pensions (James Purnell): The jobseeker's allowance count rose last month to 939,900. There are 608,000 vacancies in the economy and 80 per cent. of claimants leave jobseeker's allowance within six months. We do not predict future levels of unemployment, but we have been planning for the impact of higher levels of jobseeker's allowance claims in the coming months.

Mr. Robathan: As I understand it, the rise in unemployment announced last month was the biggest in a decade, or two decades. To link my question with Question 2, there is some confusion about what the immigration Minister last week on reducing the number of immigrants because of employment problems. To return to that question, which the Secretary of State's colleague failed to answer, could the right hon. Gentleman give an update on the Prime Minister's policy of British jobs for British workers?

James Purnell: We absolutely want to train workers so that they can get jobs, improve their skills and get more money through employment. About half of the increase in employment has gone to UK nationals. We have a flexible labour market, which is important for the UK. I did not realise that the Opposition were against the idea of a flexible labour market.

Mr. Wilson: This morning I was informed by Network Rail that trying to rush forward the £500 million upgrade of Reading station in my constituency would be problematic. It could lead to poor planning and mistakes, and it would make little short-term difference to unemployment. Does the Secretary of State agree that trying to bring forward big capital projects such as the one at Reading station is not the answer to unemployment, and that continuing a policy of reckless spending will do damage to unemployment?

James Purnell: The hon. Gentleman is welcome to campaign against investment in his constituency if he wants to. All I can say is that it is a very odd approach.

Mr. David Winnick (Walsall, North) (Lab): Does my right hon. Friend agree that one of the worst experiences our constituents can suffer is to be denied employment? Is it not essential that every help and assistance is given to them, unlike what occurred in the '80s and much of the '90s? A public work programme, which the Government are encouraging, is essential to help people to avoid the poverty and destitution that so often come with unemployment.

James Purnell: My hon. Friend is right. We need to help people to find work if they do lose their job. We are not talking about a statistic, but someone's life, which is why there are more than 1 million visits to our website every day, and why we take more than 70,000 calls and have more than 45,000 interviews to help people to get back into work. There is excellent support for people who need child care, and help for people who need a suit for an interview and advice on interview techniques. We will continue to do those things. The Opposition abandoned people during a downturn; we will protect them, and prepare them for the upturn.

John McDonnell (Hayes and Harlington) (Lab): The Secretary of State will know that the parliamentary group on the Public and Commercial Services Union, which I chair, has expressed its concern about job cuts in the Department for Work and Pensions. There have been 30,000 already and another 12,000 planned, with 2,000 jobcentres potentially at risk. May I ask the Secretary of State to consider a moratorium on those job cuts, and to review the future job strategy in the Department? Many of us fear that the rise in unemployment will overwhelm the service if he does not address the issue.

James Purnell: I hope that my hon. Friend will agree that we will do better than that. We are taking on an extra 2,000 people to introduce the employment and support allowance, and we will keep them on to help with job claims, so we are responding to that. We have been planning for a while to ensure that we can cope with the higher inflow level, and it is also important that we have an efficient system. We have moved people from dealing with paper-based systems in back rooms to helping people with claimants in front rooms, making sure that we have more investment in the front line. That is why we process claims much quicker than we used to—people get an appointment within three days.

We need to continue to improve the efficiency of the system, which is why, for example, we announced last week that people throughout the country can claim their benefits, tax credits and housing benefits at Jobcentre

Plus in one visit, instead of having 28 previous contacts, as before. That is a more efficient system, and one that is better for claimants.

Jenny Willott (Cardiff, Central) (LD): As the Minister will know, the media recently reported that as we head into a recession welfare-to-work contracts are becoming less attractive to potential bidders and therefore potentially more expensive to the Department. Meanwhile, the flexible new deal will become increasingly important as more people are out of work for longer. What is being done to ensure that bidders for the flexible new deal have accurate information about the number of people whom the Department considers can be helped back into work during a recession, and that funding structures deliver support where it is really needed, helping those who are furthest from the job market to return to work—which they will find particularly tough at a time when unemployment is rising?

James Purnell: The hon. Lady will be glad to learn that we met the potential bidders recently and discussed precisely that issue. It is important to note that they are bidding for five-year contracts, which will extend over an economic cycle. It is up to them to decide what proposals to submit and the levels at which they bid. However, the fundamental point is that we are spending £500 million more on this than we were in 1997, when the JSA count was 1.6 million compared to the present figure of just over 900,000. That means that more help is being invested per person than in 1997.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I thank God that this party is in government, rather than our opponents. Many of us will remember what the position was like in the 1970s, when whole communities were decimated and there was no help for the unemployed.

I congratulate my right hon. Friend on the incentives he is providing to ensure that when people are made unemployed, there is a route for them to take. Will he now confirm his commitment to the Train to Gain programme, and to the other programmes that are desperately needed by people who lose their jobs? Unlike the past—

Mr. Speaker: Order.

James Purnell: My hon. Friend is absolutely right. We are increasing the protection that we are providing. We are giving people more and earlier help with their mortgage costs, and, if other parties in the House are happy to co-operate, we shall want to make the changes in January. That would mean shortening the consultation procedure by a certain amount, but if people consider such action right at a time of financial turbulence, we propose to take it.

We want to give people more help in redundancy by providing better training for them. That is why we announced another £100 million to help people to return to work. We will not repeat the mistake of the 1980s by abandoning people, fiddling the figures and leaving them on benefits and without support.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): One of the early and most obvious indicators of a slowdown is the state of the building industry. My constituency lost 50 jobs recently at Rehau Ltd, which makes unplasticised polyvinyl chloride goods for the building industry. We have also lost a firm called Action Makers, who are steel erectors. May I urge the Secretary of State to liaise closely with his Cabinet colleagues, and introduce measures to kick-start the building industry in both the public and the private sector?

James Purnell: The hon. Gentleman is welcome to do that—and, indeed, we are taking such action already. The authorities have introduced a programme very similar to ours to help those who will be made redundant. It is a very good programme, helping people to retrain and return to work quickly. Hon. Members can also play a part in ensuring that if there are redundancies and Jobcentre Plus does not offer help immediately, they can do so. We have organised a very good system involving a rapid reaction force which helps people even before they fall out of work, and which provides a role for all hon. Members.

Andrew Miller (Ellesmere Port and Neston) (Lab): If the labour market does become still more competitive, will my right hon. Friend look closely at the needs of people with disabilities who want to enter it? We must maintain our core principles of equality in the labour market, and never use people with disabilities as a statistical convenience to reduce the employment figures.

James Purnell: My hon. Friend is absolutely right. There are 600,000 vacancies in the economy. It is important for us to help people who have just lost their jobs to get back into work, but also to help people who have been out of work for longer than that, and people with disabilities. My hon. Friend will be pleased to learn that for that reason we are doubling the budget for Access to Work, which pays the extra costs of employing someone who is disabled.

Mr. James Clappison (Hertsmere) (Con): First, may I make it clear that we share the concern that has been expressed in all parts of the House about the rise in unemployment, and that we want appropriate help to be brought as quickly as possible to the newly unemployed? To return, however, to the contribution of the Minister for immigration on this subject just last week, and the connection he chose to make, in his own way, between unemployment and immigration, will the Secretary of State simply tell us whether there is any change in Government policy in this regard? A yes or no answer would be helpful.

James Purnell: As the hon. Gentleman knows, we have been developing the points system since the last election. It will help to make sure that vacancies that can be filled from the UK labour market are filled from it. It is important that we help people to get back into work. That is why the Train to Gain budget and the flexible new deal matter, and that is what we are focusing on.

Benefit Payments

6. **Dr. Ian Gibson** (Norwich, North) (Lab): How many people with HIV have had their (a) disability living allowance and (b) incapacity benefit reduced or withdrawn in the last 12 months. [227677]

The Minister for the South East (Jonathan Shaw): The figures my hon. Friend asks for are not available in that form. However, he may know that we have been conducting a review of disability living allowance cases where the recipient has been in receipt of the benefit for three years or more and was qualified as being terminally ill. That includes some cases where the recipient has HIV/AIDS. As a result of that exercise, I can tell the House that up to the end of September, 1,040 people have had their benefit maintained or increased, 730 people saw their benefit reduced and 510 had it stopped, although these figures are likely to change as a result of any appeal or dispute.

Dr. Gibson: I congratulate my hon. Friend on his meteoric rise from having expertise on the Norfolk broads to his work and pensions brief; it is truly awesome. HIV infection leads to a fluctuating health condition for many people in that they can be assessed one week as healthy or otherwise, and the next week as quite the opposite. Will my hon. Friend's new disability living allowance assessment procedures allow for such flexibility, so that we can have an assurance that the fear many people feel can be dismissed?

Jonathan Shaw: I am grateful to my hon. Friend for bringing this matter to the attention of the House. He will know that in special rules cases where someone is terminally ill, we ensure that decisions on disability living allowance are given within days rather than weeks. That is for the obvious reason that when someone receives disability living allowance in such circumstances, they are terminally ill. We are reviewing the situation for when people have been in receipt of it for longer than three years, however. The point my hon. Friend makes about fluctuating conditions and diseases such as HIV and AIDS is right. That is why we have consulted with HIV specialists and we are working in partnership with organisations such as the Terrence Higgins Trust, ensuring that our decision makers are fully aware of all the points my hon. Friend has made.

Mr. Russell Brown (Dumfries and Galloway) (Lab): Given the depth of stigma that is still associated with HIV, and in particular the effect it has on an individual's ability to work, will personal advisers under the new employment support scheme undergo any HIV-specific training for the job?

Jonathan Shaw: I am grateful to my hon. Friend for that question. Under the new employment support allowance, it is essential that staff have training in a wide range of conditions so that they can assist people back into work. We are certainly aware of that issue. On the wider point about disability living allowance, I am sure my hon. Friend will agree that it is right for us to look at those in receipt of the special award that is implemented at the point when someone is diagnosed as terminally ill. We want to assist people when they have been diagnosed with that condition—we want to assist people with that condition so that they can work and get into work. My hon. Friend is also right to raise the issue of stigma; we need to continue to tackle that as well.

Mr. David S. Borrow (South Ribble) (Lab): On the question of stigma and people with HIV, surveys show that 44 per cent. of the population would expect to be told if they were working with a colleague who was HIV-positive. Does my hon. Friend recognise that, in finding jobs for people who are HIV-positive, there is a stigma in the work place and it is not just a matter of them wanting a job, but it is also a matter of the employer being prepared to take them on? Under this new scheme, the Minister and his departmental colleagues need to be aware of that.

Jonathan Shaw: Many people in society are affected by prejudice and by preconceived ideas about what they are rather than what they can do—disabled people, those with HIV/AIDS or those with a whole range of other conditions. We as a House, as Members of Parliament and as a Government need to ensure that we tackle those preconceived ideas and prejudices to ensure that employers up and down the land appreciate people for what they can do, not what condition they have.

Child Poverty

7. **Mr. Philip Hollobone** (Kettering) (Con): What recent assessment he has made of the likelihood of meeting the Government's 2010 child poverty target. [227678]

11. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent assessment he has made of the likelihood of meeting the Government's 2010 child poverty target. [227682]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): We are determined to eradicate child poverty in this country. The Prime Minister announced in September that we will enshrine in legislation our commitment to eradicate child poverty by 2020. Of course, 600,000 children have already been lifted out of relative poverty compared with 1997, and a further 500,000 will be lifted out of relative poverty as a result of policies already agreed and in the process of being implemented. We will continue to do everything we can to support low-income families with children.

Mr. Hollobone: On 4 October, thousands of people filled Trafalgar square to urge the Government to keep their promises on child poverty. Given that more than half the children in poverty are in working families, does the Minister agree that the sanctioning regime needs to be properly monitored to ensure that it does not just move families from out-of-work poverty to in-work poverty?

Kitty Ussher: The hon. Gentleman is right to mention the end child poverty campaign. I think that about 10,000 people attended the rally at the beginning of this month, and a further 50 attended the parliamentary reception only last week. I wish to pay tribute to that coalition for the effective campaign it is mounting.

The hon. Gentleman is, of course, right that part of the solution in our commitment to eradicate child poverty is to encourage parents who are able to work to enter the work market, and then to ensure that they can progress to the good jobs that are the only sustainable way of lifting children out of poverty permanently. To that end, I am sure that he will be delighted that the three children's centres in Kettering are already reaching more than 3,000 children. The new centres that are

planned at Meadowside infants school and Rothwell Victoria will respectively reach a further 714 and 917 children in his constituency.

Mr. Goodwill: The Government measure relative poverty, which effectively means that the only way to reduce child poverty is to increase pensioner poverty. Would it not make sense to recalibrate the system to measure actual poverty—the ability to buy food, housing, clothing and so on—rather than relative figures that are somewhat difficult to understand?

Kitty Ussher: We have set ourselves the most challenging target, recognising the importance of our work in this area. I do not agree in the slightest with the hon. Gentleman that the only way to meet our child poverty target is to increase pensioner poverty. Rather, we intend that someone will be no more likely to be in poverty simply because they are a child. It is completely unfair that people in this country should be disadvantaged due to factors entirely outside their control, and that applies to no one more than it does to children.

Ms Sally Keeble (Northampton, North) (Lab): I welcome my hon. Friend to what I believe is her first Question Time on her new brief. I appreciate the fact that she is continuing the work on child poverty. On that subject, are the Government still on track with the changes in housing benefit and council tax benefit that will come in next year and lift many more children out of poverty?

Kitty Ussher: I am grateful to my hon. Friend for her kind remarks and pay tribute to her for the long-standing reputation that she has established for herself in this field. The answer to her question is simply yes.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Does the Minister consider one of the weaknesses in the Government's approach to be the division between three Departments—the Treasury, the Department for Children, Schools and Families and the Department for Work and Pensions? Given her recent Treasury experience of problems in the tripartite regime, will she consider reforming the way in which the Government deal with child poverty?

Kitty Ussher: I will put to one side the hon. Gentleman's cheeky remarks on the tripartite regime, with which I do not agree. I simply say that it was precisely the cross-governmental importance of this issue that led to the Prime Minister establishing the child poverty unit, which reports equally to all three Departments.

Mr. Mark Harper (Forest of Dean) (Con): I, too, welcome the hon. Lady to her post. I would like to draw her back to the question, because she was asked what assessment the Government had made on whether they would hit the 2010 child poverty target and she was careful not to answer. Given that that date is only two years away, could she give us a clear answer from the Dispatch Box as to whether the Government will or will not hit that 2010 target—yes or no?

Kitty Ussher: As I said, we will do everything in our power to meet our targets that have been laid out. We have made significant progress by lifting 600,000 children out of relative poverty, and a further 500,000 are due to be lifted out of it as a result of policies that have already been announced and are in the process of being implemented. We will continue to do everything that we can to eradicate child poverty. I would be interested to know whether the hon. Gentleman shares the target, because that has not been entirely clear from what we have heard so far.

Post Office Card Account

8. **Tim Farron** (Westmorland and Lonsdale) (LD): When he plans to make an announcement on the outcome of the bidding process to operate the Post Office card account. [227679]

9. **Mark Hunter** (Cheadle) (LD): When he expects to announce the successful bidder for the contract to provide the Post Office card account. [227680]

The Secretary of State for Work and Pensions (James Purnell): This is a commercial tendering process, bound by UK and European law, and we will announce the outcome when that is completed.

Tim Farron: Given that 60 per cent. of rural communities have a post office but only 4 per cent. of them have a bank, what assurances can the Secretary of State give the 6,500 Post Office card account holders in Westmorland and Lonsdale that they will be able to have easy access to their money and benefits under the card system replacing POCA?

James Purnell: As the hon. Gentleman knows, the tendering process involves access criteria, which bidders must meet. He will understand that I am limited in what I can say on that procurement process, because it is ongoing. I am sure that he welcomes the £1.7 billion that the Government are investing and the access criteria that have been put in place for post offices for the first time.

Mark Hunter: In May 2007, the then Under-Secretary, the hon. Member for Warwick and Leamington (Mr. Plaskitt), announced to the House that a decision on the Post Office card account successor contract would be taken in early 2008, yet that decision has still to be taken. The continuing doubt and uncertainty is damaging what remains of the post office network and is causing great concern to the 4.3 million POCA users. Recent press speculation says that the decision is being deliberately delayed again because of the Glenrothes by-election. Will the Secretary of State tell the House precisely when this long-awaited and crucial decision will be announced?

James Purnell: I assure the hon. Gentleman that the press speculation is not accurate. We will announce the decision when it has been taken, but I am sure that he understands that it is important to take it on the basis of proper procurement practices—that is the right thing to do.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my right hon. Friend says, but psychological damage is being done to the network, and postmasters and postmistresses wish to have clarity. Does he accept that Labour Members, too, feel that the earlier this decision can be taken, the better? As far as we are concerned, only one decision can be taken.

James Purnell: I am going to start to sound like a broken record. I am sure that my hon. Friend would like me to obey procurement processes in the right way. I totally understand the importance of the post office network for our communities, and that is why we are taking this decision in a careful and planned way.

Mrs. Madeleine Moon (Bridgend) (Lab): Before the House sat again, I took a petition and a large number of campaign cards urging that the Post Office retained the Post Office card account. I did so largely because people in Brackla, in my constituency, were very concerned that they would not be able easily to access their benefits. Will my right hon. Friend assure me that people's ability to access their benefits will be taken into consideration when viability is examined and the POCA contract is awarded?

James Purnell: Yes.

Andrew Selous (South-West Bedfordshire) (Con): This Department needs to play its role, as do all Departments, in sustaining, rather than undermining, the post office network. To that end, will the Secretary of State assure the House that the Post Office card account will not be the last option offered to new pensioners, but that it will be offered on an equal basis? Will he consider paying housing benefit and local housing allowance on the POCA? Will he also ensure that our constituents can pay their utility bills by direct debit on the POCA to save them money?

James Purnell: Of course they can do that already from the post office through the 27 accounts that are available. It is important that people have access to direct debits to reduce the cost of their bills. I can assure him that we understand the importance of the post office network. Ensuring that people can access their benefits and their money has been one of the key criteria during the whole tendering process.

David Taylor (North-West Leicestershire) (Lab/Co-op): Four million people access pensions and benefits through the Post Office card account. It is not surprising that 3 million postcards have flooded in to protest about the problems that exist. Some 3,000 post offices are apparently at risk. When the Secretary of State reviewed the file on taking up his present post, did he look at the rationale for the original decision to see whether proper account had been taken of the social and political impact of the re-letting of the contract which would seem to outweigh any other reason in the decision that successive Ministers have refused to take—to declare that POCA should go to the Post Office?

James Purnell: I shall not give a running commentary on what was done at various stages. I am sure that my hon. Friend would want me to act legally. As I have now said many times, we will make the announcement when the decision has been properly taken.

Mr. Alan Reid (Argyll and Bute) (LD): Several of the small islands in my constituency have a post office, but no bank. Will the Secretary of State assure the House that pensioners on those islands will be able to collect their pension at the post office without having to open a bank account?

James Purnell: That is why, in response to the hon. Member for Cheadle (Mark Hunter), I said that access criteria had been built into the tendering process. Once we have made the decision, we will announce it.

Distress Cases

10. **Dr. Vincent Cable** (Twickenham) (LD): What steps he is taking to co-ordinate the work of local jobcentres, the social fund and Jobcentre Plus to deal promptly with distress cases. [227681]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): Jobcentre Plus is well placed to deal with the current period of rising unemployment. It is able to manage current volumes and has put in place plans to function effectively if numbers increase further across all benefits including the social fund. Local jobcentres will continue to give people the support they need to move from benefits and into work.

Dr. Cable: With growing numbers in a distressed situation because of joblessness, what can the Minister's Department do to improve the service currently given to people who are being refused face-to-face interviews, are told to use a helpline that never answers or is permanently engaged, and is at best highly impersonal and unco-ordinated? How can that situation be improved?

Kitty Ussher: As I have already said, we have measures in place to ensure that we are able to cope with any increased demand. I might hint that the hon. Gentleman's experience, as he relates it, does not fit with the experiences that my constituents report to me. He has talked of times of crisis: at the moment, urgent inquiries for living expenses, when people face particular difficulties and whether or not they have recently lost their job, are processed on average in 1.7 days. I would be interested to know how he thinks that we could improve that.

Miss Anne McIntosh (Vale of York) (Con): The experience of my constituents certainly reflects that of the constituents of the hon. Member for Twickenham (Dr. Cable). The Minister will be aware that rural areas such as the Vale of York do not have jobcentres. Will she therefore ensure that those jobcentres that serve the Vale of York make themselves accessible, possibly by sending staff to meet those constituents who have no work and no transport?

Kitty Ussher: We are happy to look into specific circumstances. The most important thing is the service that we provide. Jobcentre Plus has a good record in assembling the teams that are required to ensure that people receive the service they need, regardless of the surrounding circumstances. I would be happy to consider the situation in the hon. Lady's constituency if she would like me to do so.

Unemployment

12. **Mr. David Jones** (Clwyd, West) (Con): What forecasts he has made of future trends in unemployment in the UK. [227683]

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): As my right hon. Friend the Secretary of State said earlier, the jobseeker's allowance count rose last month to 939,900. There are 608,000 vacancies in the economy and 80 per cent. of claimants leave jobseeker's allowance within six months.

Although we do not predict future levels of employment, we have been planning, quite properly, for the impact of higher levels of jobseeker's allowance claims in the coming months.

Mr. Jones: The latest Office for National Statistics figures reveal that the number of Welsh 16 to 17-year-olds who are economically inactive rose by 12,000 in the period between June 2007 and 2008, which equates to an increase of 32 per cent. Does the Minister accept that that is an alarming upward trajectory? What does he think that his Government can do to halt that steep increase?

Mr. McNulty: I thank the hon. Gentleman for his question. It might be that he was showing guarded and rather contorted support for all young people staying on in full-time education until they were 18—I would welcome that. Jobcentre Plus, in Wales and elsewhere, stands ready to help all people, throughout all age cohorts in the labour market, to get into the job market at the earliest opportunity. That includes the very youngest. However, it must be right that the most appropriate way to do so is to get them the skills and training that they need through to and beyond the age of 18.

Topical Questions

T1. [227697] **Andrew Rosindell** (Romford) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (James Purnell): In April of this year we introduced the local housing allowance, a more straightforward and transparent way of calculating entitlement to housing benefit in the private rental sector. However, an unintended consequence of the changes meant that in a limited number of cases the taxpayer paid out significant sums to private landlords to house people in the sorts of property that they could not afford if they were in work. That was clearly unacceptable and I ordered an urgent inquiry into the local housing allowance rates for properties with more than five bedrooms.

Today, I can announce that LHA rates will be capped at the five-bedroom rate for all new customers. We will lay regulations as soon as possible, to come into effect no later than next April. In the interim, DWP and the Rent Service will monitor such applications carefully and advise on a case-by-case basis. Those currently claiming LHA above the capped rate for a property with more than five bedrooms will have their case reviewed on the first anniversary of their claim. This announcement fits with the wider DWP and Treasury review of housing benefit, which is currently under way. A key outcome of the review will be to ensure fairness for the taxpayer and to ensure that housing benefit provides the right incentives to work.

Andrew Rosindell: The Secretary of State will be aware that earlier this year Dame Carol Black published a report entitled "Working for a healthier tomorrow", which highlighted the fact that sickness accounts for a cost to our economy of up to £1 billion. However, in these economically turbulent times the Government have so far failed to acknowledge the report or to give a proper response. Will the Secretary of State undertake to do so with immediate effect?

James Purnell: The hon. Gentleman needs to get his facts right, I am afraid. We have welcomed the report, attended the launch and are working on our response. We have announced, for example, that we will be replacing the sick note with a fit note and that we will be pursuing "fit for work" pilots. I refer him to the welfare reform Green Paper.

T2. [227698] **David Taylor** (North-West Leicestershire) (Lab/Co-op): From this autumn, lone parents whose children are of secondary school age will be moved from income support to jobseeker's allowance. That change will affect existing claimants next April. Will the Secretary of State reassure the House and my constituent, Mr. Bennett, who has calculated that that change, because of changed links to housing costs, will mean that he will be at least £50 a month worse off? Is that an unforeseen consequence, or are his figures incorrect?

James Purnell: I cannot comment on the individual case, although I am quite happy to look at it for my hon. Friend. I am sure that he will welcome the increased support that we are giving people, such as the fact that they will have an in-work credit of £40 a week, better help with transition costs and in and out-of-work advice. We know that that support works. We believe that ensuring that more people take up work will lift 70,000 children out of poverty. I am sure that my hon. Friend would welcome that.

T3. [227699] **Mr. David Amess** (Southend, West) (Con): Given the effect of economic turbulence on the value of pension funds, will the Government consider suspending the present rules, which force people to lock themselves into long-term pension arrangements on their retirement age or on the occasion of their 75th birthday?

The Minister of State, Department for Work and Pensions (Ms Rosie Winterton): I am sure that the hon. Gentleman will know that that subject will be debated during proceedings on the Pensions Bill in the other place. Obviously, it is ultimately a matter for Treasury policy, but we should be clear that the vast majority of people buy annuities well before the age of 75. Only about 5 per cent. delay until after that age, and they tend to be the wealthier pensioners. The proposal put down by the Opposition for a temporary suspension has been greeted with some dismay by many in the industry, who feel that it is unworkable. Annuity rates are at a six-year high, and obviously as people get older and move towards the 75 age limit their funds will be moved into more secure funding, such as Government bonds and gilts. Although obviously this is an idea that has been considered—

Mr. Speaker: Order. I remind the right hon. Lady that we are on topical questions so I expect quick and sharp replies.

T4. [227700] **Mr. Gordon Marsden** (Blackpool, South) (Lab): I greatly welcome the £100 million boost that the DWP, with skills Ministers, is providing for reskilling and retraining people who have lost their jobs, but I press the Minister to say that those who have worked in small and medium-sized businesses and those who are self-employed should also benefit strongly from that money. My Blackpool constituency is very dependent on such businesses, as are many seaside and coastal towns. It is important that people who lose their jobs there, such as the 30 people who only today lost their jobs in a manufacturing company in my constituency, are given proper and strong support.

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): I thank my hon. Friend for his welcome for the fund which, as he knows, is on top of a range of other support mechanisms for those facing redundancy. We are working through the detail of the mechanisms for the £100 million, and looking at what we can do through other programmes to address precisely his issue about other sectors and I shall be happy to talk to him about that subsequently.

T5. [227701] **Bob Russell** (Colchester) (LD): Will the Minister look at a specific anomaly in respect of the Child Support Agency, whereby if somebody has a company car, it is disregarded as income when calculating maintenance payments, but if the same person is given an allowance from his company to purchase a car for the same purpose, it is regarded as income, and maintenance for the child or children is enhanced accordingly? Surely, they should be the same.

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): I am extremely happy to meet the hon. Gentleman so that we can look into the question in more detail.

T6. [227702] **Greg Mulholland** (Leeds, North-West) (LD): Further to the Minister's very disappointing reply to the question asked by the hon. Member for Southend, West (Mr. Amess), I stress that I have been contacted—as I am sure have many Members—by constituents, particularly those aged 74, who have seen huge falls in their pension funds, yet the Government's response is simply to say that the issue is being looked into, when day by day, people see the future value of their pension savings being wiped out. I agree that a temporary measure is not acceptable, but will the Minister tell us that the Government are seriously looking at permanently scrapping that inflexible rule, which penalises people who have saved all their lives through their hard work?

Ms Rosie Winterton: As people move towards the age of 75, their funds will be moved into more secure funding streams anyway. That is why the proposal to move further will not solve the problems of the majority of pensioners. It is a short-term measure, aimed at a few people who, as I said, tend to have been able to delay taking an annuity until 75. Other options are still open to people at that age, such as alternatively secured pensions.

Ms Sally Keeble (Northampton, North) (Lab): Can my right hon. Friend the Secretary of State look at what seems to be the Child Support Agency's approach of making people with arrears repay them over one or two years? Whatever the rights or wrongs of their being in arrears that means that they have to pay large amounts of money, which tips them and their new families into real hardship.

Kitty Ussher: The No. 1 priority of the Child Support Agency and its successor body has to be to contribute towards alleviating child poverty and I am sure my hon. Friend agrees. In some circumstances, flexibility can be shown about the rate of time over which arrears can be paid and if she has specific examples where she feels that is not working, we shall of course be happy to look into them.

T7. [227703] **Dr. Vincent Cable** (Twickenham) (LD): After the Government's welcome announcement last week on the 13-week period for mortgage payments, is the Minister aware that many moneylenders are taking people to court for eight weeks' arrears, and even less? Will she explain how the Government will properly co-ordinate their approach to mortgage repossessions and arrears, so that the most ruthless members of the mortgage-lending community do not take advantage of the taxpayer?

Kitty Ussher: Both our Department and colleagues in the Treasury, working with the Council of Mortgage Lenders and other lending bodies, have made it entirely clear that in these times we expect lenders to use repossession as an absolute last resort. The hon. Gentleman will be aware of recent statements to that effect, following the emergency measures that my right hon. Friend the Chancellor took to inject more capital into the banks. Suffice it to say that it is very important, at this time, that all families and others realise the punitive interest rates that some people knocking on their doors can offer. I urge them to seek affordable credit, if it is indeed credit that they require.

Mary Creagh (Wakefield) (Lab): May I welcome my right hon. and hon. Friends to their new roles? I recently met my constituent, Katy Watt, who has returned after spending four years as a youth worker on the Isle of Man. She put the entire proceeds of the sale of her home into the collapsed Icelandic bank, Kaupthing Singer & Friedlander. I have advised her to claim pension credit, but I wondered whether Ministers could give my constituent and me advice on whether the notional sum tied up in the bank counts as savings towards her entitlement to pension credit. If they have not done so, will they issue guidance on the subject as soon as possible?

James Purnell: I am very happy to do that, and for my hon. Friend to meet someone from the local service. As she knows, they regularly visit pensioners who claim pension credit, and they will answer her question in a precise way.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Secretary of State accept that those of us who support the exceptional measures that the Government have taken in recent days would think it entirely perverse if he were to sign the death warrant of 3,000 post offices?

James Purnell: We will make an announcement on that in due course; the hon. Gentleman may have heard me bore on about that earlier in Question Time. We completely recognise the importance of the post office network for communities around the country, and that is why we will take the decision carefully and properly.

David Howarth (Cambridge) (LD): I return to the subject of housing benefit. What does the Secretary of State have to say to the 800 people in my constituency whose housing benefit is being cut, or is threatened with being cut, because of the new absurd way in which the broad market rental areas are being calculated? I understand that he has already undertaken to review the policy, but in light of its illegality, as declared by the House of Lords, will he make sure that all those people who have wrongfully lost out will be fully compensated when the policy changes, as it must?

Kitty Ussher: The hon. Gentleman rightly raises the issue of the impact of what I think is known as the Heffernan case judgment in the House of Lords. We are urgently considering it as part of our internal housing benefit review.

T9. [227705] **Mr. Alan Reid** (Argyll and Bute) (LD): In recent years, the Government have made drastic cuts to the number of people employed in jobcentres in Argyll and Bute. With unemployment rising everywhere, how will those jobcentres cope with the extra numbers of people who will seek advice on finding work? That could become a particular problem in Campbeltown, where more than 100 extra people may be visiting the jobcentre soon if the threatened closure of Vestas goes ahead. What support will the Government make available?

Mr. McNulty: The hon. Gentleman must accept that the Jobcentre Plus network is now far better placed for any slow-down than it was. When it comes to employment, in the Department for Work and Pensions and the Jobcentre Plus network there is a shift to the front line to help the people whom he describes.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): According to figures released by the House of Commons Library, unemployment in my constituency was up 17 per cent. in the year to July 2008. Does the Minister agree that perhaps the time has come for the local economy, rather than the Stalinist housing targets imposed from Whitehall, to be the driver of the expansion of Milton Keynes?

Mr. McNulty: I do not accept the point about Stalinist housing targets. There has been a lot of consultation on those targets across the growth area. The hon. Gentleman would do well to understand that Milton Keynes has a lot to offer, in terms of growth for the entire east midlands area. I am not sure whether he should knock that in the way that he does.

Mr. Peter Bone (Wellingborough) (Con): After 11 years of a Labour Government, can the Secretary of State explain why there are more people unemployed in Wellingborough now than there were in 1997?

James Purnell: I am pretty sure the rate has fallen in the hon. Gentleman's area. There are 3 million people more in work than there were in 1997. We have reduced the number of people on jobseeker's allowance from 1.6 million to 900,000. That is in clear contrast to unemployment reaching 3 million under the Government whom he supported.

Mr. Henry Bellingham (North-West Norfolk) (Con): May I refer the Secretary of State back to the Post Office card account? Surely a time of banking crisis, when more and more of our constituents are looking to safe deposits and the Post Office and National Savings, is not the time to threaten the future of the Post Office card account. Will he give a better answer than he gave earlier?

James Purnell: I am sorry if the hon. Gentleman did not like the answer I gave earlier. I recognise that it was not a very interesting answer, but it is right that we should take the decision properly, with due process, and we will announce it to him and everyone else at the right time.

European Council

3.30 pm

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels, which I attended with my right hon. Friends the Chancellor and the Foreign Secretary on 15 and 16 October, the main business of which was to consider European action to stabilise financial markets and how we can work together to reform our international financial systems. The Council also welcomed the co-ordinated interest rate cut by central banks around the world.

At the heart of our considerations was our shared understanding that the massive reduction in global financial activity and the fracturing of the global financial system has been the result of irresponsible and often undisclosed lending that started in American sub-prime markets. And while national action is necessary, the root problem can be dealt with only by changes in our financial systems, to recapitalise banks and to reform supervision around the principle of rewarding hard work, enterprise and responsible risk taking, but not irresponsibility and excess.

Market estimates suggest that in recent years some $2 trillion of US-originated loans, many of them toxic, were bought by European Union banks, so to strengthen our banks the Council welcomed the comprehensive action on liquidity, capital and funding guarantees of our Government here in the United Kingdom and of the eurozone countries under the leadership of President Sarkozy, President Barroso and the president of the European Central Bank, Jean-Claude Trichet. The Council also welcomed the joint commitment from the leaders of the G8 countries to hold a leaders meeting, and agreed the principles and priority areas for global action.

Stage one to recovery has been to stabilise financial markets, thereby securing a resumption of lending. In Britain almost £50 billion has been injected as capital into our banks. The Government alone have taken shares worth £37 billion in two of our largest banks. Across the world, more than £300 billion has now been approved from public funds to recapitalise the banking system.

At the heart of the British decision was that medium-term funding was conditional on bank recapitalisation, so we also welcome the agreement of the European Council that countries within the EU will provide medium-term state guarantees for new interbank loans. I particularly welcome the decision of the European Investment Bank, following proposals that we made at the G4 summit in Paris earlier this month, to mobilise and frontload €30 billion to support new lending to Europe's, and then Britain's, small businesses.

However, confidence today depends upon there being confidence about the future, so we agreed on the need to achieve a reform of the global financial system based upon five key principles—transparency, integrity, responsibility, sound banking practice and international governance, with co-ordination across borders. We will submit a detailed set of proposals to the international leaders meeting. I will be putting these proposals to all countries, including emerging market countries. I have already put them to President Bush and will put them to both presidential candidates in the United States of America.

I can tell the House today that these proposals include insisting on openness and disclosure, with off-balance sheet vehicles brought back on to balance sheets, greater transparency around the use of credit derivatives, and a rapid adoption of internationally agreed accounting standards so that value-impaired assets can no longer be hidden; and then removing once and for all the conflicts of interest that have distorted behaviour and undermined trust, so that credit rating agencies no longer act as advisers to the companies they rate, and executive remuneration rewards not excessive or irresponsible risk taking, but hard work, enterprise, effort and responsible risk taking.

We must also ensure that board members have the competence and expertise to manage the risks for which they are ultimately responsible, and cannot walk away from their obligations. We will look at regulation that examines both solvency and liquidity and which ensures that the financial system supports wider economic stability. There will be a new international architecture for the global financial sector for the years ahead.

We want to move to early decisions with our international partners about the reform of the International Monetary Fund and Financial Stability Forum, including the creation of an early warning system for the global economy; about globally accepted standards of supervision, applied equally and consistently in all countries; about effective cross-border supervision of global firms, starting with establishing 30 international colleges of supervisors by the end of this year; and about cross-border co-operation and concerted action in a crisis. We also want to see greater global macro-economic co-ordination, and to prevent the return of protectionism we want to see the reopening of the world trade talks. I welcome the proposals that have come from the Australian Prime Minister Kevin Rudd.

The events of the last few days have demonstrated that we need urgently to deploy in eastern Europe and emerging markets the IMF's facilities and resources to the fullest extent, and also the resources of the multilateral development banks. We need urgently to prevent capital flight, engage in and support counter-cyclical policies and finance domestic growth where exports have declined and capital has flown outwards. We also need urgently to consider creating a new IMF facility for emerging economies in the current crisis. Rescuing eastern European countries is particularly urgent and I have asked the European Bank for Reconstruction and Development, the European Investment Bank and the World Bank, as well as the IMF, to consider what they can do immediately.

The Council also discussed in detail how each of our economies was being affected by the global downturn that started in America. Had we not acted to stabilise the banking system, the effect on households and business would have been even more severe. However, notwithstanding the action that has been taken, the world is facing a severe global economic downturn, with negative growth already seen in France, Germany and Italy this year, and in the United States last year.

The United Kingdom cannot insulate itself from this global downturn, but with interest rates low and falling and inflation expected to come down over the next year, these underlying economic indicators, particularly interest

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rates, make us stronger than at any other previous downturn. Debt has been considerably lower than a decade ago, and lower than that of all G7 countries except Canada, enabling the Government to increase borrowing at the right time to support the economy. The Government will do whatever it takes for mortgage holders, for small firms and for employees, to help families and businesses through what will undoubtedly be a difficult period ahead.

Like all Governments across the world, we are considering how fiscal policy can support the economy at this time: carefully targeted, rigorously worked through investments that help people fairly through the downturn and lay the foundations for stronger growth in the future. In Britain's case, we can start from a position of low public debt. We will bring the same focus and determination to the task of safeguarding jobs, homes and small businesses as we have done to avert the threatened meltdown of financial systems. That will be the central mission of this Government over the coming weeks and months. I welcome the support in the national interest of all prepared to give that support. Let us be clear: it is also action that we take globally to get to the root of the problem in global banking that will make the biggest difference.

The Council also reached important conclusions on energy and climate change, on Russia and Georgia and on the European pact on immigration and asylum. Next year in Copenhagen, the world has an historic opportunity to secure prosperity for generations ahead with international action on climate change. While there are those who will seek to use current global financial problems as an excuse to pull back from change—to pull up the drawbridge and renege on commitments—in fact it is now more essential than ever to push forward with an ambitious agenda on energy security and climate change.

As the Stern report showed, weak or delayed action will cost us more in the years to come, both financially and economically. The Council reaffirmed its commitment to reach agreement by December on its energy and climate change measures for 2020. We made clear the importance in doing so of achieving a fair balance, with all member states accepting new commitments. We made it clear that there must be flexibility for member states to meet targets in the most cost-effective way, and that Europe's package must send the strongest possible signal to encourage the rest of the world to aim high at the Copenhagen summit next year.

As last week's statement from the Secretary of State for Energy and Climate Change made clear, the Government are committed to the most ambitious of targets—cutting greenhouse gas emissions by 80 per cent. by the middle of this century, not just for the future of our environment but as a crucial part of our strategy for energy security. But we cannot fulfil our aspirations for climate change without nuclear power or without European and international co-operation. That is why we will fully engage with the European Union on the environment and will not pursue a policy based on unilateralism and detachment.

Faced with historically high and volatile oil prices, it is more essential than ever before that we act to end our dependency on oil. The European Council supported greater diversification of energy sources, the completion of fully functioning EU energy markets, and improved critical energy infrastructure—for example, in the southern corridor. Our London energy meeting in December will seek to drive forward progress in the critical dialogue between oil producing and oil consuming nations. Today I would urge the Organisation of Petroleum Exporting Countries, at its meeting on Friday, to work through dialogue with consumer countries to stabilise the energy market as a whole.

The Council has expressed its grave concern over Russia's actions in Georgia and called on all sides to implement in full the six-point plan agreed with European leaders. The Council therefore welcomed the withdrawal of Russian troops as an essential additional step in the implementation of the agreements of 12 August and 8 September and the launching in Geneva of the international discussions provided for by those agreements. The Council and the Commission will, however, continue to make a full in-depth evaluation of relations with Russia ahead of the EU-Russia summit. The Council also resolved to continue its support for its eastern neighbours in their efforts to achieve democracy and economic modernisation and to consider a future EU eastern partnership.

Finally, the Council considered the European pact on immigration and asylum, underlining the importance of ensuring coherence between Union policies, including free movement. Britain and Europe benefit economically from free movement, but free movement cannot be an unfettered right. It must bring with it clear responsibilities, with failure to meet them carrying clear consequences including, where appropriate, the loss of that right entirely. I discussed this point in further detail with a number of European leaders at the Council, building considerable support among member states and agreement to look further at the responsibilities associated with free movement where crimes are committed by EU residents in the EU but outside their country of origin, and we agreed to return to this issue at our December meeting.

This summit showed that in facing global challenges, whether the credit crunch, climate change or energy security, we succeed best not in isolation but in co-operation, not with unilateralism and separation from our European neighbours but in active partnership with them. That is why our policy will rightly remain one of being fully engaged at the centre of Europe. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): I thank the Prime Minister for his statement. Rightly, the financial crisis was the most important issue at the summit, but before asking about that let me raise some other matters.

First, on climate change, does the Prime Minister agree that while the restating of the EU goals on climate change was welcome, disagreement over the action plan was disappointing? Will he confirm that there are no new powers in the Lisbon treaty to help on the environment? Indeed, there are just six words. Does that not illustrate that what is needed in Europe is not new institutions or treaties but just some political will?

Secondly, on trade, the last thing we need in a downturn is protectionism, as has happened so often in the past. Does the Prime Minister therefore share my dismay that the communiqué does not mention the Doha trade round at all?

Thirdly, on Georgia, given the Russian invasion, the breach of international law and the ethnic cleansing in Abkhazia and South Ossetia, for Europe it must surely not be a case of straight back to business as usual. Can the Prime Minister confirm that the criteria for resuming talks on the partnership agreement between Russia and the EU will include not only the implementation by Russia of the six points of the ceasefire plan but the return of Georgian refugees to their homes?

Next, there is immigration and asylum. The Council agreed a new EU pact—the Prime Minister did not really mention this—including joint border guards, sharing asylum seekers and a single asylum procedure. Can he assure the House that as those proposals are not consistent with running our own immigration and asylum policy the Government will not adopt any of them? While on the subject of immigration, can the Prime Minister tell us what his policy now is? We have long supported an annual limit on non-EU economic migration—do the Government now agree?

On the Lisbon treaty—which, by the way, did not get a single mention in the statement—I have a very straightforward question for the Prime Minister. I am not in favour of forcing the Irish people to have a second referendum—is he? Would the British people not think it completely indefensible to force the Irish people to vote twice when we have not been allowed to vote once?

On the financial crisis, may I welcome the specific mention in the communiqué of examining mark-to-market accounting rules? Does the Prime Minister now support suspending those rules? He mentioned the European Investment Bank and its funds. Will he confirm that, to date, only three British banks have access to that money and that they do not include the Royal Bank of Scotland, Lloyds or HBOS, all of which the Government have a major stake in? Can he tell us about plans to change that?

On international co-operation on financial regulation, are there not three keys to getting it right? First, with major financial markets in Hong Kong, Shanghai, Sao Paolo, Dubai and Mumbai, co-operation needs to be genuinely worldwide, so can the Prime Minister confirm that the forthcoming international summit will include not only EU and G8 countries, but China, India, Brazil, Mexico, South Africa and middle eastern economies?

The second key is that international co-operation is not about the minute detail of regulation, but about setting frameworks and issuing early warnings. On the frameworks, does the Prime Minister agree that currently, capital adequacy rules—setting how much capital a bank must hold—can actually make things worse? They allow too much credit during a boom and can be very restrictive in a recession, so does he intend to reform the Basel II accords, in order to make them less pro-cyclical and to rein in any return to an asset price boom in future?

On the early warnings, which the Prime Minister is fond of mentioning, he knows the International Monetary Fund has a key role, but is not the real question what Governments do in response to those warnings? Let me take a case in point, while he shakes his head—he might remember this one. A year and a half ago, the IMF warned the UK about rapidly increasing household debt, vulnerable financial institutions and the growth of potentially risky and illiquid instruments. What steps does he think are necessary to ensure that Governments and regulators respond to those warnings?

The third key is that international co-ordination on financial regulation is necessary but not sufficient to ensure a stable financial system. Did the European Council discuss the need for effective domestic action? The Government keep saying—the Prime Minister I think said this at least three times in his statement—that this is a crisis from America, as if no one in Britain had any responsibility for anything that went wrong. Will he confirm that Britain is entering the downturn with the highest Government deficit in the industrialised world? That was not down to America; it was down to this Government, here in Britain.

Can the Prime Minister confirm that British household debt, which is the largest that any major economy has ever seen, is not something that we imported from America, but was down to bank lending and regulatory failure here at home? On specific institutions, will he confirm that the international measures discussed at the EU Council would not have stopped, for instance, the Bradford & Bingley lending more than 80 per cent. of mortgages as risky or buy-to-let mortgages? That was a UK bank, regulated by UK regulators, for which the UK Government are ultimately responsible.

So in the light of the need for both national and international action, could the Prime Minister begin his response by commenting on the figures published today for Britain's budget deficit? Is it not the case that Britain is heading for a record budget deficit, contrary to what he said, put by some independent forecasters as high as £64 billion? Will he confirm that that has happened after 14 years of economic growth and when half the OECD countries are entering the downturn with a budget surplus? Is not the £64 billion question this: why, when business and families need more help, has he left the cupboard so bare?

The Prime Minister: Let me deal first with the issues that the right hon. Gentleman raised at the beginning. Of course the environment is a priority of the European Union, and anything that suggests that that is not the case is wrong. The environmental discussions formed a large part of what we did in Brussels on Wednesday and Thursday. I put the point to him again: if he wants environmental co-operation across Europe, he needs to be at the centre of the European Union, not threatening to renegotiate the treaty.

As for the trade round, the right hon. Gentleman will probably have seen the statement from the G8, which includes France, Germany and Italy, supporting a resumption of world trade talks. I believe that at the international leaders summit we will see the reopening of those trade talks.

As far as Russia is concerned, the right hon. Gentleman knows, as I have told him, that the Council was right to agree that this was not the right time to resume talks on new partnership agreements with Russia. How we make the decision on that resumption will be based on a number of criteria, including some of the ones that he mentioned.

As for immigration and asylum, we make the decisions on that policy. We have introduced a points system, which means that people from outside the European

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Union without skills to offer to the country are not invited into the country. I believe that the points system—and the obligations that people have to accept as part of their citizenship—is a far fairer way of going about the issue than the policies of the Conservative party. As for the Irish Republic, it is a matter for them what they do. The right hon. Gentleman will remember that, on a previous occasion, the Irish Republic decided to have a second referendum. It is therefore a matter for them.

As far as the right hon. Gentleman's comments on the economy are concerned, let me just say that the reason we can borrow at this time is that our levels of national debt are low. That is the right policy. I noticed that, on the radio this morning, he could not make up his mind from one minute to the next whether it was the right policy to borrow for this. It is because we have cut the levels of national—*[Interruption.]* Let me just read the IMF's figures to the House so that there is absolutely no doubt about this. These are the recently published net debt comparisons for 2008. The figure for the United Kingdom is 37.6 per cent.; for France, 55.5 per cent.; for Germany, 56.1 per cent.; for Italy, 101.3 per cent.; for the USA, 46.3 per cent.; and for Japan, 94.3 per cent. It is because we cut the national debt over the last few years that we are able to do the right thing. Even if the right hon. Gentleman cannot make his mind up about it today or tomorrow, it is the right thing to do to deal with this problem.

I would have thought that, after weeks of discussing these issues, the right hon. Gentleman would understand that we cannot solve this problem unless we get to the root cause—[HON. MEMBERS: "It's you!"] This is an Opposition who will not face up to their responsibilities. The problem cannot be solved unless we get to its root cause. We can do a great deal with initiatives to help small businesses, to help mortgage holders and to help people in jobs, and we will do that—as we have done with small businesses—by drawing on the European funds, by cutting the time by which payment has to be made by Government Departments, by increasing the funds available to the small business loans guarantee scheme and by more measures that we can take. We can take action that will help home owners, as we have done over repossessions, and that will help jobs, as we will do with an extension of the new deal, but the problem can be solved only by getting to the root cause.

The root cause of the problem—which did start in the United States of America, despite the right hon. Gentleman's wish to avoid that question—was the irresponsible and undisclosed lending that took place in the private sector. The solution to that is not the one or two initiatives that the Opposition want to take; it is to recapitalise our banks, to ensure that lending can start again, and to ensure that there is confidence in the banking system. It is to adopt the very reforms that I have mentioned today. People must have confidence when they go to their bank that their savings are safe and secure, and that is why it is necessary not simply to recapitalise the banks but to take action to ensure that there is reform of the system as a whole.

The all-party support that we had for our measures lasted for a few days. The Opposition could rise to the challenge of giving bipartisan support for only a few days, but I have to tell them that everybody's judgment is being tested here. I have to remind them that, when we took the decision on Northern Rock, they opposed it. When we took the decision on Bradford & Bingley, they opposed it. When we intervened to deal with speculation in the shares market, they opposed it—[HON. MEMBERS: "Rubbish!"] The night before—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister speak.

The Prime Minister: The night before we took that decision, the shadow Chancellor was on "Newsnight" saying that it would be the wrong course of action. I see that Opposition Members are silent now. When we intervened to improve regulation, the Conservative party's policy think-tank decided that it would be better to reduce the regulation of mortgages and pensions. And that is where we are. So when we look at the issues ahead, let us look at the judgments being made. I say to the House that this cannot be sorted out without global action as well as national action. I hope that the Opposition understand that that is what is necessary for the future.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I am grateful to the Prime Minister for his statement. The summit was indeed a breakthrough. It was the first time I can remember in 10 years that the Prime Minister seemed to enjoy the company of other EU leaders—*[Interruption.]* Well, he cancelled his appearance at Prime Minister's questions to get there early. As a lifelong pro-European, I have been waiting to hear the Prime Minister recognise and celebrate the fact that no Government of this country of whatever party can deliver what the British people want without our playing a positive, engaged and central role within the EU. I regret that it took economic disaster to make the Prime Minister appreciate that fact, but I none the less acknowledge that he did so.

In the past, I have been dismayed by the way the Prime Minister has copied the wrong ideas and ignored the right ideas. He copied the wrong idea from the Conservatives to give inheritance tax cuts to the very wealthy and he ignored advice from us, stretching back years, but coming particularly from my hon. Friend the Member for Twickenham (Dr. Cable), about the unsustainable nature of the credit and housing boom, when this lot—the official Opposition—sat on their hands and said nothing. So I am glad that the Prime Minister has got a lot better at copying: he was right to copy the Swedish model of bailing out the banks, as they did in the 1990s, and I am glad that he persuaded other European leaders to copy his copy.

It was significant that President Sarkozy invited the Prime Minister to the eurozone meeting. The eurozone group will obviously be the forum at which many discussions about the future regulation of our financial services sector will take place. What arrangements has the right hon. Gentleman made with the Government of Sweden—and the Czech Republic, which will hold the EU presidency next year—to have further access to the eurozone group so that he can participate in those discussions next year, too?

As important as EU action is, it is action to help ordinary families in this country now that must be taken. Will the Prime Minister—I have pressed him on this before—cut taxes for people on low and middle incomes to get money into the pockets of people who need it by closing the loopholes that benefit only the

very richest in this land. Does he also agree that British families struggling to heat their homes this winter will be angry that the so-called single market in Europe still leaves us with the fastest rising prices in Europe. When will he deliver the fairer truly competitive energy market we all need?

This summit was originally initiated to tackle energy and climate change, but that was sidelined, understandably, to focus on the economy. There are now rumours that the EU will ask developing countries to shoulder a big chunk of the burden of our commitment to cut carbon emissions. Will the Prime Minister confirm that he will not be party to any buck-passing of Europe's environmental obligations on to developing countries?

Finally, although I welcome, of course, the commitment made at the summit to diversify our energy supply, will the Prime Minister accept that committing billions of pounds of British taxpayers' and other EU taxpayers' money to underwrite the nuclear industry will simply mean that there is not enough money to roll out the green renewable energy sources we so desperately need?

The Prime Minister: I would take the right hon. Gentleman's party more seriously if the major item at his party conference had not been to cut public spending by £20 billion—with all the damage that would do to the ordinary families he claims to represent.

As far as specific issues about the eurozone are concerned, of course we will work with other countries, where it is appropriate to do so, and in the spirit of European co-operation to solve our problems, but the right hon. Gentleman has not fully understood that this is a global problem that needs global action as well as European action. That is why it is important to have an international leaders meeting and why it is important to agree on the reforms that are necessary. People will have confidence in the international financial system only if we root out the problems that made this become a crisis in the first place.

The right hon. Gentleman mentioned Britain's inflation rate. The problem we have faced over the last year is a problem that all countries have faced—rising oil prices as well as rising food prices. The fact that the price of oil is now coming down means that petrol sold at the pumps is coming down in price. I would like it to come down faster, as would other Labour Members. At the meeting on Friday, we will be pressing OPEC not to cut production, but to enter into a dialogue with the consumer countries.

As to the other issues that the right hon. Gentleman raised—tax cuts for ordinary families, for example—he will know that 22 million families are receiving £120 in tax cuts during the course of the next few months. He will also know that the quickest way of getting money to the poorest families in this country has been through the tax credit system, which has given money to 6 million families and taken large numbers of people out of poverty. I hope that the right hon. Gentleman will give more support to the tax credit system in future.

The right hon. Gentleman says that climate change was not given the attention that it deserves at the European Council, but it was. There were long discussions on Wednesday night and Thursday morning about how we can meet our climate change obligation. We stand firm behind our objectives, and we will ensure that the future mechanisms will encourage—and force, if necessary—other European countries to meet their obligations.

We cannot meet our climate change objectives and achieve energy security and affordability in prices without the use of nuclear power, and the sooner that both Opposition parties realise that, the better for our country.

Ms Patricia Hewitt (Leicester, West) (Lab): I warmly welcome the action that my right hon. Friend has taken to stabilise the banking system. Can he tell the House what he will do to ensure that cuts in headline interest rates are translated into effective cuts in the interest rates charged to home owners and businesses, in order to avoid what happened during the last Conservative recession, when a large number of solvent but illiquid businesses went bankrupt?

The Prime Minister: I am grateful to my right hon. Friend, who served with great distinction in the Treasury, as well as at the Department of Trade and Industry and the Department of Health. She is absolutely right: the aim of the recapitalisation of the banks, and the other action that we are taking, is to ensure the flow of money to small businesses and families in our economy. It is to deal with the problem that she raises of affordable money, the source of which is banks that have in so many cases stopped lending for the time being.

We are trying to restructure the banks by recapitalising them and by signing an agreement with them that they will ensure that they resume lending to small businesses. That is central to what we are doing, and I am grateful that the rest of the European Union has taken such action as well. It has happened in other countries, too. South Korea, Australia and New Zealand have adopted the policy, as well as America. The key is getting the resumption of lending to take place at affordable prices, and my right hon. Friend is right to say that small businesses cannot afford the penal interest rates that we saw at the beginning of the 1990s.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Does the Prime Minister acknowledge that this is the first global financial crisis in over 100 years that cannot be resolved by the United States and the western European powers alone, but must include China? As China is not a member of the G8, and is unlikely to be one soon, does he accept that it is not simply a question of inviting it to the international leaders group? As thought is given to a whole new international financial structure, China must be as involved as western Europe and the United States in the discussions that take place.

The Prime Minister: As the right hon. and learned Gentleman knows, the G20, which was set up after the Asian crisis, includes China in its membership, and rightly so. The Financial Services Forum includes Hong Kong as one of its members because it is one of the financial centres of the world. If there is to be an international leaders meeting, I am convinced that it would be incomplete without the presence of some of the new major economies that are making their mark in the world. The lesson of recent financial events is that global action is necessary to deal with a global problem, which means that, at a macro-economic level as well as in the reform of the international financial system, we need the support of the Asian countries. I am grateful that he agrees with me about that.

Mr. George Mudie (Leeds, East) (Lab): The whole House should congratulate and thank the Prime Minister and the Chancellor for their sound judgment and political courage in giving the leadership that has stabilised the financial markets.

Chris Huhne (Eastleigh) (LD): Give him a job.

Mr. Mudie: Yes, why not?

Wisely, the package that rescued the bankers had a price, which was help to householders, those with mortgages and small businesses. Last week, the Select Committee on Treasury met representatives of the building societies and, sadly, they seemed to be very complacent about the trauma caused by repossessions and the growing number of them. They seemed to be unaware of the need to revisit their lending policy, or lack of one. Will the Prime Minister assure us that they will be tied to the agreement that they have made?

The Prime Minister: I am grateful to my hon. Friend for the leadership role that he plays on the Treasury Committee, and for his knowledge of these matters. He is absolutely right: in these difficult times, when interest rates are relatively low in comparison with rates during previous downturns, it is right to ask the building societies and banks to take a careful look at their policy on repossessions. It is right to consider—as does the communiqué signed by the Council of Mortgage Lenders and others—that repossessions are the last resort, not the first resort. We will ensure with the measures that we have taken, such as reducing the number of weeks for which people must be unemployed to receive help with their mortgages, that we do all that we can to help home owners in this country.

Mr. Richard Spring (West Suffolk) (Con): Following the point raised by my right hon. Friend the Member for Witney (Mr. Cameron), can the Prime Minister explain the mechanism of distribution by the European Investment Bank to small businesses, many of which are in crisis? Why have only three British banks been licensed to deal with the process so far?

The Prime Minister: That is exactly what we are dealing with now. I have been involved in the process for some weeks, first because I wanted the EIB to agree to frontload the money that is available over the next four years—which has been agreed—secondly, because I wanted the EIB to take a greater share of the risks than it does at present, and thirdly because we wanted an increase in the number of intermediaries in Britain that can access the EIB money and then pass it on to small businesses. In other words, we wanted, and are trying, to devise a package that will lead to the involvement of other intermediaries—that is, other banks in Britain.

Sir Stuart Bell (Middlesbrough) (Lab): Can the Prime Minister confirm that the motto of the European Union is "unity in diversity"? In the initial part of this world financial crisis, did we not see disunity in adversity? Building on the question from my hon. Friend the Member for Leeds, East (Mr. Mudie), may I suggest that we should congratulate not only the Prime Minister but President Nicolas Sarkozy on the leadership that they have given in this matter? As for the Prime Minister's role, not only has he given leadership here for the British banking system, but he has given partnership for Europe and also for the United States. Is it not now appropriate to move to the third stage of world regulation of the banking sector, for which he has been asking for the past 10 years?

The Prime Minister: Because the Conservatives have the wrong analysis of the problem with which we are dealing, they cannot understand the importance of the global action that we are now contemplating and wanting other countries to follow. I hope that they will reconsider their position on these issues, because without a restoration of confidence in the banking system, which includes the restructuring, but also the reform measures about which we are talking, it will be more difficult for every continent in the world to escape from this global downturn. I therefore hope that all parties can agree—as I thought they had agreed a few days ago—that the international financial system is in need of the reforms that we are suggesting.

I praise President Sarkozy of France for his leadership in calling the meetings. He met President Bush in America on Saturday. We are working very closely together, as are those in the other European countries, including Chancellor Merkel and Mr. Berlusconi from Italy, in trying to agree a set of European reform measures that we can put to the rest of the world. I think that, in this particular set of circumstances, all countries now recognise the importance of change—a change that, if I may say so, we have proposed for nine years, since the Asian crisis.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): The Prime Minister referred to lengthy discussions on climate change. Is he going to use some of his new-found super-powers to persuade all 26 neighbours to adopt the climate change targets that his Government, whose initiative I welcomed, adopted on Thursday? Is he proceeding along those lines, or is he perhaps going to be more Flash Harry than Flash Gordon?

The Prime Minister: I said to the European Council when we discussed the issue that there would be a new American President in January, and both candidates want to see major change in the position on climate change at the Copenhagen summit. Europe must have a common position that we can put to the European summit then. I believe that countries are aware of their responsibilities. Obviously there will have to be some flexibility in how people meet their targets, but I think that people are now seized of the need for a European position to be established well in advance of Copenhagen.

Dr. Gavin Strang (Edinburgh, East) (Lab): Can my right hon. Friend confirm that the Council took note of a report from the presidency on the oil price and its volatility, and requested the Commission to promote transparency of commercial oil stocks? Does that refer to stocks within all the member states of the European Union, will there be an attempt to estimate stocks outside the EU, and does my right hon. Friend believe that the EU can make a contribution to help us to achieve our objective of security of supply in energy and to meet our climate change commitments?

The Prime Minister: I am grateful to my right hon. Friend for his question. He has always taken a great interest in energy matters, and was an Energy Minister

himself. He is absolutely right to concentrate on the problem that has arisen from both the price volatility and high price of oil. Even though the price has decreased substantially in the past few days, the problem arises from there having been more demand than supply and people's perception that in future years there may be more demand than supply, particularly because of the globalisation of our economy and the rise of China and other Asian countries, which are consuming more oil.

Therefore, we need an energy strategy that deals with the price volatility and high price of oil. That means that we need to diversify out of oil and not be wholly dependent on it. That means, for those people who will not face up to this, that they must confront the issue of nuclear power—16 European Union countries have done that—and the issue of how we can get affordable renewables. We must also look at how the car is powered, so that we can have savings in the oil that is used by cars as well. We will need to have an arrangement between consumers and producers so that we can deal with the continuing volatility of the oil price, and I would have thought that this is now the time for all-party agreement on that as well.

Sir Michael Spicer (West Worcestershire) (Con): Did the Prime Minister tell the Council about his promise to abolish boom and bust for this country?

The Prime Minister: This country has had 10 years of economic growth under a Labour Government. I cannot recall that being achieved by the Conservatives.

Mr. Dennis Skinner (Bolsover) (Lab): Is my right hon. Friend aware that in 1945 the then Labour Government had to take some measures? They did not have two ha'pennies to rub together, and they had to borrow money in order to create full employment and the national health service, and in order to take utilities into public ownership. We are already doing some of those things, and my right hon. Friend has already passed the examination paper that has been placed before him. He has convinced right-wing Governments, such as those in France and Germany, and Bush across in America, to carry out the solutions that he has introduced. It is now high time that we put public ownership of the utilities back on the agenda, so that we have a sweeping victory at the next election and then carry that out.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): And council housing.

The Prime Minister: And council housing, my hon. Friend says. I had not anticipated last year that we would be part-owners of two of the biggest banks in the country and that we would now be the shirt sponsor of Newcastle United football team, just as the American Government are the shirt sponsor of Manchester United now as a result of having taken over AIG. However, I must say that our determination to buy these shares is a result of the difficulties we face, and I am sorry to have to tell my hon. Friend the Member for Bolsover (Mr. Skinner) that it will be temporary.

John Hemming (Birmingham, Yardley) (LD): The recent high prices and volatility in the price of oil is symptomatic of geological constraints on supply—also known as peak oil and gas. Do the Government have a view as to when peak production will occur globally, and does the Prime Minister believe that it is worth doing that research?

The Prime Minister: The hon. Gentleman is right to raise the question of supplies of oil for the future. That is concerning all countries. Not only do we need stability of supply, but, even as we move into nuclear and renewables, we will need a constantly rising supply of oil. That means that we must ensure that the demand for oil is met by supply, otherwise the price will go up again. We are, therefore, looking at what supply of oil there is, and we are trying in the North sea to increase the production that is available from some of the smaller marginal fields as well as from some of the fields that have previously been explored and developed but not exhausted.

Mr. James Plaskitt (Warwick and Leamington) (Lab): On the financial and banking items, did the Council consider the future of the EU's capital requirements directive? As my right hon. Friend knows, that is largely based on the Basel II agreement, and yet that allows banks to choose their own forms of regulation, and, in fact, downgraded the risk in mortgage lending. He has long campaigned for reform in that area. Does he agree that anything in Europe based solely on Basel II could prove inadequate to the task?

The Prime Minister: First, we need international standards, not just European standards, for the future. There is a huge debate about how we can get to that, and progress has been made. Secondly, one part of our proposals that we have circulated around other countries—I will make sure that a copy is placed in the Library—is the reform of Basel II.

Mr. William Cash (Stone) (Con): Will the Prime Minister, in referring to the statement, also refer to the presidency conclusions? Can he explain to the House how in those conclusions, which I have in front of me, the European Union is able to lecture the House, himself and the United Kingdom, when Lisbon has engendered failure on enterprise, when the stability and growth pact has failed, when unemployment levels have been going inexorably up and when there is massive over-regulation? In the real world, does he not believe that this undemocratic, unaccountable system must be reformed and renegotiated?

The Prime Minister: In a period of economic difficulty, is it not better that people come together rather than split apart? Is it not better to use the fact that we work well with our neighbours in Europe to develop common policies to deal with this financial crisis? I know where the hon. Gentleman is coming from: we should accompany our policies, he says, with the real threat of withdrawal.

Colin Challen (Morley and Rothwell) (Lab): May I, too, welcome the reaffirmation of the climate change 2020 targets at the European Council last week? They come despite the growing tensions between the richer, older members of the EU and the more recent, poorer members, particularly those such as Poland, which is 95 per cent. dependent on coal. What discussions are taking place to help countries such as Poland and the other eastern European states to meet their 2020 targets?

The Prime Minister: I am grateful to my hon. Friend, because I know of his expertise in these matters and the work that he has done to further the cause of environmental improvement. He is absolutely right that some countries, particularly those that have a great deal of coal, want to know how they can meet those targets and want a degree of flexibility. That will be the basis of the discussion over the next two months before the summit in December. I am confident that even though there are difficulties, people want to see a resolution of the problem.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Is the Prime Minister aware that at a time of grave economic crisis, the House can rarely have heard a statement of such worrying complacency about the public finances? In particular, he apparently believes that as long as the ratio of debt accumulated to GDP is low, it does not matter how high the current deficit is. That is the exact opposite of the experience of most countries. He should recall the mistake made by the previous Labour Government, who thought that they could enter a recession with a high level of deficit and spend their way out of the recession. They found that they had to call in the IMF in the biggest rescue of a developed nation that there has ever been.

The Prime Minister: I recall that the right hon. Gentleman was a Minister in the Conservative Government when borrowing was 8 per cent. to 9 per cent. of GDP, so before he gives lectures to us, he should examine what happened in the early 1990s.

Mr. Denis MacShane (Rotherham) (Lab): On Russia, I welcome the Prime Minister's firm stand. Russia must not be rewarded, or allowed to continue business as normal, after dismembering a sovereign republic state of the United Nations. The last time that that happened was when the Reichstag voted to incorporate the Sudetenland into the Third Reich. Does he share my dismay that when the issue was fought out at the Council of Europe the other week, the Russians' closest collaborators and fellow travellers in the debate were UK delegates from the Conservative party?

The Prime Minister: The Council was right to say that this is not the time for a decision to be made about resuming talks on a new partnership agreement with Russia, but we have always wanted our relationships with Russia to be good, not bad. That depends on decisions that Russia itself will take, and we look forward to a resumption of the partnership agreement talks being possible.

Stephen Hammond (Wimbledon) (Con): The Prime Minister continues to quote the historic borrowing number, but will he confirm that if one examines the true state of borrowing in this country, including off-balance-sheet liabilities, one finds that it is 126 per cent. of GDP?

The Prime Minister: Our figures are based on international accounting standards and on the independent Office for National Statistics. We follow the practices adopted by previous Governments. I remind the hon. Gentleman that debt was at 44 per cent. in 1997—far higher than in the past 10 years.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome my right hon. Friend's comments on climate change. If we are to succeed in producing the clean energy that we need for the future and in supporting industry, we need to ensure that we maintain our investment in science. Will he ensure that the Government avoid the temptation to reduce investment in science at this time, when it is so vitally needed?

The Prime Minister: My hon. Friend will know, because his region is one of the beneficiaries of scientific investment in our country—some path-breaking work is being done in the north-west—that we are doubling the science budget, and it is vital to our future. I hear what he says: it is important to maintain levels of science investment for the future.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I remind the Prime Minister that on 11 November 1997, during the debate on the Bank of England Bill, his previous banking Bill, I urged him not to deprive the Bank of England of its supervisory powers over the commercial banks and set up a trilateral alternative arrangement? Did he explain to the European Council that his misjudgment on that was responsible for the fact that his Financial Services Authority failed to supervise AIG in London's Mayfair, whose default credit documents were owned by almost every major bank in the world? That meant that when, on 15 September, AIG had its credit rating dropped below AAA, almost every bank in the world was faced with the possibility of bankruptcy. All that disaster stemmed straight from his original folly in reducing the supervisory powers of the Bank of England.

The Prime Minister: I have great respect for the hon. Gentleman's recollection of history, but I should tell him that AIG is an insurance company—it is not registered as a bank in the same way—and that in the old days it would have been regulated as an insurance company, not as a bank. I should also tell him that he opposed, or his party opposed, the independence of the Bank of England, which I believe his party came to regret after a few years. The Bank of England has always had responsibility—*[Interruption.]* It is very interesting that Conservative Members try to change the subject whenever I mention the independence of the Bank of England. It has always been the case that the Bank of England has had responsibilities for financial stability.

Kelvin Hopkins (Luton, North) (Lab): First, may I say how much I agree with the comments made by my hon. Friend and comrade the Member for Bolsover (Mr. Skinner)?

A decade ago, my right hon. Friend the Prime Minister wisely kept Britain out of the eurozone. It contains countries that are very different in their economic strengths—some are more able to cope with the financial crisis than others—and that is causing tensions in the eurozone. If I were the Italian Finance Minister, I would like to devalue the lira and reduce interest rates. I would not be able to take such an approach, because the lira does not exist any more. Will my right hon. Friend tell us whether there have been any discussions, private or otherwise, about the tensions in the eurozone and where they might lead?

The Prime Minister: Just to reassure my hon. Friend, may I say that we have no proposals to join the euro? We also have no proposals to renegotiate our membership of the European Union.

Mr. Keith Simpson (Mid-Norfolk) (Con): As of today, to the nearest £1 billion, how much do the Government owe?

The Prime Minister: That will be published in the pre-Budget report, as it is normal for every Government to do.

Mr. Brooks Newmark (Braintree) (Con): Given that the Prime Minister has called for greater transparency, with off-balance-sheet financing being brought on balance sheet by the private sector, will he be bringing such discipline to the public sector accounts, which currently show more than £1 trillion off balance sheet, or is this another case of, "Do as I say, not do as I do"?

The Prime Minister: Whatever the debate, the hon. Gentleman always asks me the same question about off-balance-sheet activity. The answer is that we follow the international standards and the Office for National Statistics on that, and, in fact, we follow the practice of the Government whom he supported.

Mr. David Curry (Skipton and Ripon) (Con): I have lost count of the number of times that the Prime Minister has announced the relaunch of the world trade talks. What is different this time? Having discussions at summit meetings and making grand declarations will not make anything happen. Who has decided to do what, where, how, with whom and on what timetable, given the expiry of the fast track in the American Congress and the near death of the present American President?

The Prime Minister: I thank the right hon. Gentleman for raising that question. The trade talks fell down on a very narrow point about a protection mechanism that would be put in place if imports to certain countries rose very fast. That argument prevented the reaching of agreement in the summer, despite all the attempts that we and other countries made. Given that the differences between countries are narrow, and not of fundamental principle, my hope has always been that we can, with good will, resume the trade talks. It is more important to do that now, and other countries recognise that. Protectionism is the danger that we face, and countries that were not prepared to sign the agreement in the summer will be encouraged by worries about future events—and what might happen if protectionism increased—to come back to the table to discuss a solution. I cannot say that the process has been easy, because these talks have gone on for years, but there is enough common ground for us to start again to see if we can reach agreement.

Mr. Charles Walker (Broxbourne) (Con): As the Prime Minister is going large on intervention, will he personally intervene with the banks to stop them throwing people out of their homes? As a taxpayer-owner of the banks, I now say, "Not in my name."

The Prime Minister: We have published guidelines with the Council of Mortgage Lenders so that repossession is a last resort. We have also published legislation that will mean that people need to be unemployed for only 13 weeks before they can draw on support to pay their mortgage. We will not pursue the policies pursued by the last Conservative Government, who let far too many people fall into negative equity.

Mr. Peter Bone (Wellingborough) (Con): The preference share subscription agreements and the ordinary share offering agreements for the £37 billion investment in the banks were helpfully placed in the Library by the Chancellor. Can the Prime Minister confirm that those terms and conditions have not changed?

The Prime Minister: We are in discussions with the banks all the time about how we can implement the agreements that we have made. The right thing to do is to continue the discussions with the banks. We must not get into the situation in which we are not discussing things with banks in which we are major shareholders, so we will continue to discuss such issues over the next few days.

Mr. Bernard Jenkin (North Essex) (Con): May I remind the Prime Minister that the IMF was warning about rising debt levels in the UK as long ago as 2003? Will he now return to the reasonable point made by my right hon. Friend the Leader of the Opposition? What is the point of calling for an early-warning system in the international markets if the Prime Minister, as Chancellor, has a track record of ignoring those very warnings?

The Prime Minister: I remind the hon. Gentleman that our debt levels, as published by the IMF, are 37 point—*[Interruption.]* Our debt levels are 37.6 per cent., but France's are 55.5 per cent., Germany's 56.1 per cent., Italy's 101.3 per cent., Japan's 94.3 per cent. and the USA's 46.3 per cent. He can see that from being the third worst in the G7 in 1997, when we inherited power, we are now the second best. If a country has a low level of debt to national income, it is in a position to borrow during a difficult time. The Conservatives want to say that it is impossible to borrow because debt levels are too high. They are wrong: debt levels are not too high. Ideologically, they think that they can argue from the position of the debt levels, but they are entirely wrong.

Anne Main (St. Albans) (Con): On Monday, a senior official from the Department for Communities and Local Government told the Select Committee that the Prime Minister had been involved with a difficult decision to remove £600 million from the East of England Development Agency grants for small businesses. Is that the best way to protect small businesses—keeping the quango, but removing the funding?

The Prime Minister: The hon. Lady is referring to the development agencies as a whole and what we did to help housing. That is what we announced in September.

Mr. Graham Brady (Altrincham and Sale, West) (Con): What are the Government doing to protect the interests of the many British people who hold deposits in Icelandic banks through branches in British dependent territories such as Guernsey and the Isle of Man?

The Prime Minister: Discussions on those matters are continuing with the Icelandic authorities, as the Chancellor said. We believe that they have a responsibility in this matter, and we will continue to pursue that with them.

Tony Baldry (Banbury) (Con): On nuclear power, is the Prime Minister convinced that the City will be willing to meet the costs of the contingent liabilities of decommissioning nuclear power stations in due course, or will the state have to act as guarantor for those decommissioning costs?

The Prime Minister: This is part of the decisions that we made on nuclear energy. I think that the hon. Gentleman can see from announcements that have been made by one large company in the past few weeks that companies are prepared to invest in nuclear power in this country. That will continue in future years. Opposition Members have to face up to the fact that if we are to meet our climate change obligations, if we are to have the energy security we want and if we are to have long-term affordability of energy that is not dependent on a volatile and high-priced commodity—oil—we will have to diversify our investments. That includes investment in clean coal and in renewables, but I have to say that it includes nuclear, too. I thought that the Conservative party would wake up to that fact and would have woken up to it long before now.

Mr. Crispin Blunt (Reigate) (Con): In the presidency conclusions, the European Council emphasises that

"the real performance of company executives should be reflected in their remuneration, including their severance pay…which should be in line with their actual contribution to the success of the company."

As finance director and chief executive of the United Kingdom over the past 11 years, the Prime Minister's promises to abolish boom and bust have ended in the biggest bust in British economic history. Do those strictures apply to him, and, if not, what will he do with his severance pay when he finally finds the courage to meet the judgment of the British people?

The Prime Minister: I hope that, on reflection, the hon. Gentleman, who is usually a moderate man, will realise the exaggerations that he has made. We have had the longest period of economic growth as a single Government, we have created 3 million jobs over the past 10 years and the reason we can face a world downturn with confidence that we can come through it, is that we have low debt and low interest rates, companies' funds outside the financial sector are strong and we are making the right long-term decisions for the future of this country. The decisions that we are making include decisions on transport and infrastructure, nuclear energy and planning. The unfortunate thing is that in all those major long-term decisions we have not had the support of the Conservative party.

Mr. Andrew Robathan (Blaby) (Con): The Prime Minister particularly spoke about insisting on openness and disclosure. He wants off-balance-sheet vehicles brought on to balance sheets. Will he therefore tell the House—he knows the answer—how much, to the nearest billion or so, we as a country and the Government owe in off-balance-sheet debt?

The Prime Minister: If the hon. Gentleman is referring to private finance partnerships, those figures are published regularly by the Treasury and he has access to them. We comply with international standards, and the Conservatives will not get very far with that argument because they followed the exact same practice when they were in government.

Orders of the Day

Political Parties and Elections Bill

[Relevant documents: The First Report from the Constitutional Affairs Committee, Session 2006-07, on Party Funding, HC 163, and the Government's response, Cm 7123, and The Committee on Standards in Public Life, Review of the Electoral Commission, Cm 2006.]

Order for Second Reading read.

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Leader of the Opposition.

4.33 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I beg to move, That the Bill be now read a Second time.

Shortly after Labour's general election victory in 1997, to implement a key manifesto commitment, our then Prime Minister invited the Committee on Standards in Public Life, under its then chairman, Lord Neill of Bladen, to conduct a major inquiry into the funding of political parties. Lord Neill's report was published in 1998. It was followed by a White Paper and draft Bill that I published in 1999. The process of consultation on that draft Bill culminated in the passage of what became the Political Parties, Elections and Referendums Act 2000 in autumn that year.

Lord Neill's report and the subsequent Act were based on some key and agreed principles that are fundamental to the health of any democratic system. They are that there should be clear limits on the amount that can be spent by political parties on election campaigns and that voters have a right to know who is funding those parties. To ensure that those principles were put into practice, PPERA—the 2000 Act—set out a new regulatory regime and established the independent Electoral Commission, to be answerable to the House, and not, I should add, to any Minister. Although there was, quite properly, careful scrutiny of the Government's proposals, and arguments about some of them in the 1999 Bill that became the 2000 Act, I was determined that there should be cross-party consensus on the new Act if it was at all achievable, and indeed it was. I was, and still am, in no doubt that the need for broad consensus in this area of policy is a third key principle.

By any international standard British politics is fundamentally clean, because of spending limits, transparency and our political culture; but ultimately it is clean because there has been an understanding between the parties that changes made to secure partisan advantage would be impermanent and would serve only to undermine the public's faith in the democratic process. For a wide range of matters that come before the House, the knowledge of Members is necessarily at one remove. We articulate the experiences of our constituents, of business people, homeowners, the elderly and the young, and only sometimes will they be within the direct experience of individual Members and their families. However, in the area of party funding and control, Members articulate their experiences and, understandably, every Member claims expertise, so I make the following remarks with some trepidation.

First, the reforms that the House agreed in the 2000 Act were, and are, fundamentally right. The historical system of controls on candidate spending was a necessary response in the days when election campaigns were fought entirely at local level, but those controls were not on their own sufficient for the circumstances in which we now find ourselves, when general election campaigns are co-ordinated at national level and often commence many months, or sometimes years, before the official starting gun is fired.

Secondly, the old system, which was in essence one of self-regulation, had its advantages, as do all systems of self-regulation, especially for those being regulated, but over the past 20 years the House has increasingly insisted that one area of society's activities after another should be subject to external regulation. That is why a decade ago the House, led by my party, decided that we needed to prescribe for ourselves the remedies that we were prescribing for others.

Thirdly, there is recognition that the new system of transparency and of more comprehensive regulation is what the public expect. However, as is almost inevitable with a new system of regulation, not every aspect of it has worked out as well as was intended, so 10 years on from Lord Neill's report it is right to take account of those experiences and revisit the 2000 Act framework to ensure that its key features—transparency, sensible control on spending and an effective Electoral Commission—are maintained, strengthened and, where necessary, reformed.

Mr. David Heath (Somerton and Frome) (LD): The Lord Chancellor is speaking as though the Hayden Phillips committee had never existed, yet he and I served on it for many long months and strove mightily to reach consensus until the Conservatives walked out. Having striven mightily to produce consensus, why has the Lord Chancellor brought forth this pathetic little mouse of a Bill, which does not deal properly with the abuses of party funding in terms of either donations or spend? It does not deal with what he acknowledges are absurdities in some aspects of trade union funding and it does not deal properly with third-party funding of parties. Why do we not have the Bill that we deserve?

Mr. Straw: While the hon. Gentleman was indicating that he wanted to intervene, I was indeed debating whether to go on to the next section of my speech, which mentions the Hayden Phillips report. I disagree with the hon. Gentleman's description of the Bill, and I ask him to reflect on the likely outcome of parliamentary proceedings in which there was a dogfight between the parties and no consensus was achieved. The simple fact is that we do not live in circumstances of exact symmetry between each political party—no democracy should. Each party has a different history and a different demography in terms of its supporters, although that is changing over time. There is another fundamental difference that changes over time and which I have had the privilege of seeing from both sides—he, sadly, has done so only from one side: the perspective of a political party when in office is different from when it is in opposition.

Of course I regret the fact that we were not able to reach agreement in the Hayden Phillips talks, in which the hon. Gentleman and I were broadly on the same side. However, if we get into a party political dogfight on the issue—I am happy to have a party political

[Mr. Straw]

dogfight about virtually anything—any changes that are made will be impermanent and will not be properly enforced. The whole body politic will suffer as a result. That is not to say that we should back away from difficult issues; I do not suggest that for a second. What I was able to achieve in what became the 2000 Act was a broad acceptance of some key principles that I think have stood the test of time.

The Government were aided in reaching the conclusion that we need to re-examine the experience of the 2000 Act by the work of successive independent inquiries, including the report of the Constitutional Affairs Committee, published in December 2006, the review of the Electoral Commission conducted by the Committee on Standards in Public Life, which published its report in January 2007, and the report and draft agreement published by Sir Hayden Phillips in March and October last year. Each of the reports had a particular focus, but some common themes are clear.

Sir Alan Beith (Berwick-upon-Tweed) (LD): The Select Committee report to which the Secretary of State referred was indeed a consensus; it was supported by Members of all parties, and Sir Hayden Phillips's report was, to a very large extent, based on that. Why could not the Secretary of State use that consensus as the basis for saying that he would put before the House not proposals peculiar to his party, but proposals on which there was already party consensus?

Mr. Straw: The answer is that I have not put forward in the Bill proposals "peculiar" to the Labour party, any more than the proposals in the 1999 Bill were "peculiar" to my party. I want to seek a consensus on the proposals. The right hon. Gentleman was a party to the talks. I greatly regret that no agreement was reached, but he knows that Sir Hayden Phillips entered those talks saying, quite properly, that nothing was agreed until everything was agreed. We can spend time going backwards and forwards on the issue of what happened in those talks, but the simple fact of the matter is that there was not agreement. At the risk of tedious repetition, I repeat that there is little purpose served by the House ramming through changes to the party funding regime that do not command a consensus.

If the right hon. Gentleman does not believe me, he need only consider what happened in another area of electoral law when there was not consensus. He went to the United States; there is no consensus there about boundaries, so what happens, as he will know if he has ever seen a boundary map of congressional districts, is that each side gerrymanders the boundaries, which are subject to one rule only in basic law, which is that the boundaries should connect. It leads to a ridiculous position. I do not want to get into that situation. Nor do I want us to experience what has happened in at least two western European countries, where the electoral system was changed for political advantage. We have to be very careful. In particular, there is a responsibility on the Government, who have a majority, to be careful.

Mr. Charles Walker (Broxbourne) (Con): I am sure that the Secretary of State will appreciate that huge advantages of incumbency are inbuilt in our electoral system. Of course Members of Parliament need money to do their job, but over the past five or six years, we have absolutely stuffed ourselves with additional money. Perhaps the least attractive allowance is the communications allowance. Would it not be a good start if the House got together at the earliest opportunity and scrapped that allowance, thereby saving the taxpayer about £6.5 million a year?

Mr. Straw: There could be great debate about whether incumbents benefit. They do when they are winning, and they do not when they are losing; that is the simple truth about incumbents. The hon. Gentleman's party knows that, and so does mine. There is a great debate, some of which is brought out in the excellent, as ever, Library note, about the alleged benefits or disadvantages of incumbency.

It fell to me when I was Leader of the House to move the proposals for a communications allowance, but they did not come from the Government. They came from the Members Estimate Committee and the House of Commons Commission. I had something to do with those. My aim in introducing the communications allowance was to cap spending by some right hon. and hon. Members on, for example, franked envelopes, which in my judgment was reaching excessive proportions. In any event, although only one or two Opposition Members voted for the communications allowance, I looked up the figures earlier and, from recollection, I think that 574 Members spent the communications allowance last—*[Interruption.]* That is what I was told in my brief. If it is inaccurate, I am happy to stand corrected, but that was in my official brief.

Sir George Young (North-West Hampshire) (Con): With respect, the right hon. Gentleman must not be allowed to get away with that. If he refers to that debate, he will see that many Members made it clear that they would have to claim the communications allowance for expenditure currently incurred under existing allowances. It therefore does not follow that they have made additional claims on the House following the introduction of the communications allowance.

Mr. Straw: I never suggested that they had, but the right hon. Gentleman makes my point. To my certain knowledge, the House is enforcing the allowance, and it is being used for parliamentary purposes and not for party political purposes.

Several hon. Members *rose*—

Mr. Straw: I have already given way to the hon. Member for Broxbourne (Mr. Walker).

Mr. Walker: Will the Secretary of State give way once more now?

Mr. Straw: No. I may later. I give way to the hon. Member for New Forest, East (Dr. Lewis).

Dr. Julian Lewis (New Forest, East) (Con): I thank the Secretary of State for giving way. I have had to use the communications allowance. I have used about 0.02 per cent., I think, because certain advertisements for surgeries that I used to be able to pay for under the office costs allowance must now be paid for under the communications

allowance. There is a big difference between that—I suppose I am one of his statistics for using the communications allowance—and Members using £10,000 or whatever the allowance is. I shall stick to my less than 1 per cent. until the communications allowance is abolished, when I can go back to the old system which allowed such minimal expenses under a sensible office cost allowance.

Mr. Straw: Having enjoyed that excursion, I shall move on to one topic on which I think we are—

Bob Spink (Castle Point) (UKIP) *rose*—

Mr. Straw: Out of affection for the hon. Gentleman, if nothing else, I shall give way to him.

Bob Spink: I am grateful. I shall take the Secretary of State back to the Bill. Does he agree that the political consensus on the Bill has been put at grave risk by the Conservative party continuing to fund, by tens of thousands of pounds, marginal constituencies prior to an election being called? That is against the spirit of what the Bill seeks to achieve. It is against what the British people think is fair play. Does that not show how necessary the Bill is?

Mr. Straw: What has happened is that parties seek to spend within the current rules. The hon. Gentleman makes his own point about his views about some of that spending.

David Howarth (Cambridge) (LD): Before the right hon. Gentleman moves on, will he give way?

Mr. Straw: Well, once.

David Howarth: I thank the Secretary of State for giving way before he moves off the consensus point. Is not the difficulty with his position that effectively he has given a veto to the Conservative party when the Conservative party benefits from the existing situation continuing? Should he not have thought, "Where are the public on this? Where is public opinion?" and proposed what the public wants, and then challenged all Opposition parties to explain why they are not in favour of it?

Mr. Straw: I have my views about the kind of changes that ought to be introduced. I have made my point. Different parties will look at the issue from different perspectives. The parties' position, demography and social base are asymmetrical and there is always an inherent difference between the party in power and the main party in opposition, as well as the smaller parties, including the Liberal Democrats, in opposition.

I understand what the hon. Gentleman says, but we should not make what we think is the best the enemy of the good. If we use the partisan advantage that Government parties, by definition, have and force through changes that do not command broad consensus—not in every detail, but broad consensus about their principles—all those involved in politics and the reputation of politicians will suffer a further knock.

I should continue. There is one issue, of a number, on which there is already a consensus: the need for comprehensive reform of the Electoral Commission. The creation of the Electoral Commission was a recommendation of Lord Neill's that all parties supported. It was the right decision and an essential development in the context of a stronger regulatory system. However, there was a critical design flaw. Lord Neill recommended, and I accepted, as did the House, that the commission should not have in its membership anyone with recent experience in party politics. With hindsight, I should say that that was an error, for which I take my share of responsibility. The move has exposed the Electoral Commission to criticism, which many will consider well founded, that it has lacked a degree of understanding of the organisations that it regulates, and in particular that it has failed to recognise that political parties are kept going not by unscrupulous people on the make, but by enormously dedicated volunteers who work all hours, usually for no reward, for their values and commitment to their cause and no other reason.

Mr. Denis MacShane (Rotherham) (Lab): My right hon. Friend is absolutely right.

One of the great problems that worry many of us about the Bill relates to schedule 19. Under that schedule, the homes of the literally hundreds and thousands of people who volunteer as agents or as candidates—successful or unsuccessful—for councils or Parliament, or of those who give a little bit of money to a party, can be raided on the orders of the Electoral Commission. A justice of the peace has to give a tick, of course, because there has to be reasonable cause. However, if the commission is to do its job, it has to investigate and it will not know whether there is reasonable cause until it has gone into everybody's home to take away any papers to do with party funding. I do not want to get into a dogfight with my right hon. Friend, because I know who would lose, but I put it to him that that provision is a worrying threat to the volunteering instinct of the British nation and to its democratic system.

Mr. Straw: I understand my right hon. Friend's point, which we have discussed outside the House. If he would not mind waiting a little, I shall deal with that issue a little later; I hope to reassure him and the House.

In a highly critical conclusion in its 2007 report, the Committee on Standards in Public Life stated:

> "An effective Electoral Commission is a necessary and vital part of the modern institutional architecture. Its core duties should be as a regulator to ensure integrity and public confidence in the electoral process and in the framework that governs the political party funding and campaign expenditure. Through a combination of deficiencies in its current mandate, that is too weak in some areas and too broad in others, combined with a lack of courage, competence and leadership in its regulatory and advisory approach, it has not successfully performed these core duties...The Committee has therefore made a range of recommendations designed to refocus the mandate of the Commission on these two core duties and to provide the framework that will enable it to deliver this mandate successfully."

John Mann (Bassetlaw) (Lab): Before my right hon. Friend presumes an overall consensus on blaming the Electoral Commission, may I ask whether a bad craftsman blames his tools? Is not the core weakness of the Electoral Commission in applying the principles of both Neill and Nolan that the law that it has in front of it is in some examples far too strong but in others far too weak? Transparency is therefore not possible because the commission does not have the right balance of powers to do what Nolan and Neill wanted it to do.

Mr. Straw: Both factors are involved. The Committee on Standards in Public Life used exactly the same adjectives as my hon. Friend; it said that it was too weak in some areas and too strong in others. The issue is partly to do with its powers. Far from strengthening the total powers of the commission, this Bill qualifies powers and provides additional but more sensible powers. Another factor has been the nature of the commission and the fact that individuals with recent political experience have not served on it. The Committee on Standards in Public Life and the Constitutional Affairs Committee both recommended that a minority of commissioners should have practical experience from across the political spectrum. Those bipartisan reviews also recommended that the commission's regulatory role should be clarified, that its investigatory powers should be changed and that it should be given a flexible range of civil sanctions to enable it to consider alternative avenues in cases where breaches have occurred and where the only options at present—this is a part-answer to my right hon. Friend the Member for Rotherham (Mr. MacShane)—are to name and shame or to refer the matter to the Crown Prosecution Service or the police with a view to a criminal prosecution. The Bill takes forward all those proposals, and I shall come to their detail in a moment. There is already all-party consensus on these changes in principle, and relevant measures are included in the Bill. However, I hope that through the process of parliamentary scrutiny we can carefully examine them and improve their detailed operation where necessary.

In addition to reform of the Electoral Commission, the Bill contains important measures to ensure that the true source of donations to political parties is made known to the public. All parties have called for openness and transparency in party funding, so I hope that these measures will secure all-party support as well. It has been a common aim of all legislation, going right back to 1883, that overall spending by parties should be controlled. While of course there may be argument about exactly how to control it, that common aim continues to be shared by the parties. I entirely agree with the hon. Member for Arundel and South Downs (Nick Herbert), who said last year that

> "we are much more interested in reducing the cost of politics and that is what David Cameron has made clear."

The Bill therefore includes measures to improve the control of spending. Although there are strong arguments in favour of a comprehensive overhaul of the system of expenditure controls—to pick up on a point made by Liberal Democrats—and Sir Hayden recommended the introduction of what amounted to continuous all-encompassing spending caps, it is clear that there is not currently consensus on taking such a step. Consequently, I have not included those proposals in the Bill.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): How did my right hon. Friend come to the conclusion that the level at which a donation can be declared should be reduced from £1,000 to £200? Why does not he take it down to zero, given that there will be problems under the Freedom of Information Act 2000 if he does not do so?

Mr. Straw: First, political parties are not defined as public authorities for the purposes of the Freedom of Information Act and therefore do not have to cope with FOI requests—thankfully, because they would not have the apparatus to do so. Secondly, we have received representations from all the main parties and some of the smaller parties asking for the £200 limit to be raised and for the burden of that provision to be made lighter rather than more difficult.

Instead of comprehensive, continuous, all-encompassing spending caps, the Bill tackles one of several weaknesses in the existing controls—the absence of any controls on spending that takes place outside the official election period at a local or candidate level. The Bill proposes a return to the principle of the pre-2000 system known as "triggering", which will ensure that all expenditure for the purposes of a candidate's election is regulated. I hope that that will command the same level of support as it did before 2000. During the passage of the Political Parties, Elections and Referendums Act 2000, as the White Paper that I published last June indicates, a Conservative spokesman in the Lords, Lord Mackay of Ardbrecknish, moved a "belt and braces" amendment to put the continuation of the trigger beyond doubt. His amendments were withdrawn only on ministerial assurances, sadly not because experience had shown that they were not necessary.

Mr. Andrew Tyrie (Chichester) (Con): Much of the right hon. Gentleman's speech has been about the need for consensus. On the need for consultation, where in the Hayden Phillips proposals, or indeed anywhere else, has the proposal on triggering been discussed or consulted on?

Mr. Straw: There was self-evidently a consensus up to and including the passage of the 2000 Act. Everybody believed that the trigger arrangements in the Representation of the People Act 1983 would continue through the passage and implementation of the Act. That is clear beyond peradventure. Lord Neill said that his proposals were designed to buttress the arrangements in the 1983 Act. That was also the view of both Ministers and the Conservative Opposition. Indeed, I regret the fact that we did not accept the amendment from the late Lord Mackay.

Secondly, Sir Hayden Phillips refers on page 15 of his report to the concerns, which were expressed by some parties but not others, about the lacunae, as it were, in the current arrangements. He says that he takes such concerns seriously, discusses how to deal with them and then says:

> "The parties will need to consider carefully what level of local control is necessary to realise their commitment to limit campaign spending as a whole."

If we had found a consensus in favour of comprehensive and continuous spending caps, the trigger would not be necessary. However, I suggest to the House—I hope that we can achieve a consensus on this—that the trigger is necessary and appropriate. I do not for the life of me understand quite why it should arouse such controversy, given that everybody accepted that it was there before.

Mr. Alan Reid (Argyll and Bute) (LD): I think that "Ardbrecknish" was the place name in my constituency that the Lord Chancellor was trying to pronounce.

The Lord Chancellor started by referring to the fact that political campaigns had become more national. One of the flaws in the Bill, however, is that it contains

absolutely nothing that would prevent a political party from deluging a marginal constituency with literature, telephone calls and newspaper adverts urging people to vote for the party, as long as the candidate's name was not mentioned.

Mr. Straw: I have dealt with why we have not been able to move forward with those proposals. The trigger arrangements, which have been a feature of electoral law since 1883 and were repeated in the 1983 legislation, did not totally control spending at the local level before a general election, but they did have a dampening effect. Like me, many hon. Members were candidates before the 2000 Act came into force, and the advice to candidates, which again is recited in the Library note, was that we had to concentrate on expounding on our parties' policies, not on the merits of candidates, which did dampen expenditure.

Mr. Francis Maude (Horsham) (Con): Let me deal with the ingenious concept that the Justice Secretary has just introduced—that there was a consensus before 2000 that the old triggering arrangements were wonderful and should be retained. Why, then, was there a consensus in the 2000 Act that they should be abolished? He talks about the amendments that Lord Mackay tabled in the other place, but will he acknowledge that they were explicitly described by Lord Mackay as probing amendments and promptly withdrawn?

Mr. Straw: I am very happy to provide the right hon. Gentleman with the exact quotations between now and the winding-up speeches, but it was never the purpose of either Lord Neill or the then Home Secretary, who happened to be me, that the provisions in what became the 2000 Act should replace the triggering. Everybody thought that the drafting of what became the 2000 Act would complement and supplement the 1983 Act, except in one or two particulars, and not be an alternative to it, and that is a matter of record.

David Howarth *rose—*

Tony Lloyd (Manchester, Central) (Lab) *rose—*

Mr. Straw: I need to make some progress.

Mr. Tyrie: It is quite extraordinary for the Justice Secretary to suggest that there was a consensus that the rules should stay and that they somehow evaporated into thin air. On the contrary, Lord Bach turned down the proposal in Lord Mackay's probing amendment by saying that "this new formulation"—that is, what the Government introduced—

"represents a considerable improvement on the existing rather ambiguous provisions of the 1983 Act."—[*Official Report, House of Lords,* 22 November 2000; Vol. 619, c. 904.]

It is to those provisions that the Justice Secretary intends to return.

Mr. Straw: I know that Lord Bach said that, but the basis of what he said is not what the hon. Gentleman says it is. I am very happy for this to be dealt with in greater detail in the winding-up speeches, but everybody believed that what was in the 1983 Act would continue. Lord Neill's report was quite explicit that what became the 2000 Act should buttress what was in the 1983 Act.

Tony Lloyd: I do not think that the observations made across the Floor have been very helpful. My own memory is quite clear: Lord Mackay withdrew his amendments because he was assured that the trigger would remain in place. It was on that basis that there was all-party consensus. Our noble Friend Lord Bach attempted to reassure Lord Mackay that the trigger would remain, but he was wrong. On the basis of those assurances, Lord Mackay withdrew his amendments. There was absolute consensus on the trigger at that point.

Mr. Straw: My hon. Friend is entirely correct, and that is what the record shows, too.

Let me turn briefly to the detail of the Bill. Clause 1 clarifies the Electoral Commission's regulatory role to make it clear that a key part of its role is to take appropriate steps to secure the compliance of parties and others, including by helping parties to comply, especially given that parties rely so much on unpaid volunteers. The clause also enables the commission to publish guidance to assist parties and others in this respect.

Clause 2 and schedule 1 change the commission's investigatory powers. They repeat, with minor changes, the commission's current power to require political parties and other regulated entities to disclose information relating to finance and expenditure, and for the first time enable it to compel anyone else to disclose or provide information or an explanation, where that is reasonably required for the purpose of investigating a suspected event or contravention of a requirement in the Act. The scope and proportionality of these powers will be examined in detail in Committee, but it is worth pointing out—this relates to the point raised by my right hon. Friend the Member for Rotherham—that the Bill contains important safeguards on the use of these powers, which go beyond those in the Political Parties, Elections and Referendums Act 2000. They include the provision that the powers of entry require a warrant from a court on evidence of a reasonable belief that a criminal offence has been committed. That is not required under the existing schedule 19. In any event, the existing powers have been used only once since the Electoral Commission was established nearly eight years ago.

Sir Patrick Cormack (South Staffordshire) (Con): I would like to echo what the right hon. Member for Rotherham (Mr. MacShane) said a few minutes ago. There are many of us, in all parts of the House, who believe that the powers are far too strong, and that they will allow people to invade the privacy of homes and political offices. There is not even absolute clarity that House of Commons Officers will be immune from this sort of raid. I hope that the Lord Chancellor will listen carefully when these issues are debated in Committee and in the other place, and that he will be willing to accept amendments in respect of them.

Mr. Straw: I am certainly willing for these matters to be looked at in great detail, but it is worth pointing out that there are already a large number of such powers in the 2000 Act. One area of the Bill seeks to broaden those powers so that the Electoral Commission can obtain an order against any other person as well as against a political party. However, the use of those

[Mr. Straw]

powers, whomever they are used against, will have to be made through a court, which is not the case at the moment.

Mr. MacShane: Will my right hon. Friend give way?

Mr. Straw: I want to make some progress, if I may.

Up to now, the Electoral Commission has faced a genuine dilemma, given the powers available to it: either reprimand or reference to the police, but nothing in between. Clause 3 and schedule 2 give the Electoral Commission access to a flexible range of civil sanctions that may be imposed in relation to certain offences and contraventions under the 2000 Act. The schedule sets out the range of new civil penalties available to the commission, when the commission is able to apply those sanctions, to whom they apply and what appeal processes are available to an individual or organisation subject to a sanction. Which of the offences in the 2000 Act will attract civil sanctions will be set out in secondary legislation. I want to give a reassurance to my right hon. Friend the Member for Rotherham that when a civil penalty is applied by the Electoral Commission, no criminal prosecution can be instituted. That provision appears in paragraph 4 of schedule 2 to the Bill. In practice, therefore, the provision reduces the scope for criminal reference, rather than increasing it.

Clause 4 provides that each person proposed for appointment as an electoral commissioner must be selected in accordance with a procedure put in place and overseen by the Speaker's Committee on the Electoral Commission. This makes it clear that responsibility for the oversight of the recruitment and selection process remains with the Speaker's Committee.

Clause 5 enables the appointment of four commissioners with recent political experience. Clause 6 increases the minimum number of electoral commissioners that may be appointed, and clause 7 reduces the time period for restrictions on past political activity for Electoral Commission staff. We have gone rather further than the Committee on Standards in Public Life proposed, but I think we have done so in a sensible direction.

Clause 8 is designed to increase the transparency of political donations by requiring donors giving above a limit—currently £200 in the Bill—to a political party to declare whether the money is its own. If it has received a sum above the limit

"with a view to, or otherwise in connection with"

the making of the donation, it must declare that to be the case and go on to declare whether it believes that certain sections of the Act apply. Those provisions supplement the existing requirements of the 2000 Act by making it clear that the identities of the true donor, on whose behalf the donation is made, must be given to the recipient of the donation. If a donor declares that those sections of the 2000 Act do not apply, they must explain why.

Mr. Walker *rose—*

Mr. Straw: I am afraid that I am about to conclude.

Making a false declaration about any of those aspects will be a criminal offence.

Mr. Rob Wilson (Reading, East) (Con) *rose—*

Mr. Straw: As I said, I am about to finish.

I should say—I referred to it earlier—that representations have been received from a number of parties that the £200 limit is too low, and we also received wider representations about the impact of clause 8 on those charged with complying with the law. Although I am clear that greater transparency is essential, it should not be achieved at the cost of overburdening political parties and I am ready to consider representations on the detail of our proposals in that area.

Nick Herbert (Arundel and South Downs) (Con): Will the right hon. Gentleman give way?

Mr. Straw: I will, of course, give way to the hon. Gentleman, who is on the Front Bench.

Nick Herbert: I am grateful. Before the right hon. Gentleman finishes, will he explain why the Bill says almost nothing about electoral fraud? Five years ago, the Electoral Commission recommended individual voter registration and it has repeatedly done so. Four years ago, the Government said that they accepted it or were at least sympathetic to the principle, so why has nothing happened in the intervening period?

Mr. Straw: It is not the case that nothing has happened. Indeed, a great deal of work is going on in respect of the matter. By the same token, if, as we hear, the Conservative party is interested in forming a consensus, we need it not just on individual registration, but—*[Interruption.]* It is not just about the principle, but about how it will work. We are considering proposals, and, for example, the experience of Northern Ireland, which saw a substantial drop in registration. We need to reflect on that experience and much else besides, including in countries such as Australia, before proceeding.

Mr. Philip Dunne (Ludlow) (Con): Will the right hon. Gentleman give way?

Mr. Straw: No, I am about to conclude.

Clause 9 helps to lift and partly remove an unfair burden in the 2000 Act by clarifying that, if a party or treasurer is charged with the offence of accepting an impermissible donation, they will not be guilty if they can show that they took all reasonable steps to verify that the donation was from a permissible donor. That was always the intention underlying the 2000 Act; the Bill makes a technical change to put that point beyond any doubt.

Clause 10 will tackle excessive unregulated candidate spending through provisions that, in effect, return to the principle of the pre-2000 system known as triggering—an issue that we have already discussed. The clause achieves that by amending existing legislation so that, in relation to parliamentary general elections, the limit on the amount of election expenses as defined by the Representation of the People Act 1983 will include all expenses of that type where they are used by a person for the purposes of promoting their election candidate. That alters the current position, which is that the limits do not include election expenses incurred or used prior to the date of the dissolution of Parliament

or that person's formal adoption, nomination or declaration as a candidate. Under the new provisions, it will not matter on which side of dissolution or adoption the expenses are incurred or used, provided that they are incurred or used to promote the candidate's election.

I understand, accept and acknowledge that there are some concerns about that matter, but the principle of strengthening candidate spending rules, which are clearly not adequate at present, must be right. There was broad understanding in the Hayden Phillips considerations that there had to be strengthening and a more comprehensive set of arrangements in respect of total spending.

I note from the reasoned amendment tabled by the Liberal Democrats that they are now expressing reservations about the trigger. That was not the view of the Liberal Democrats in the House of Lords just a few months ago, however, when the noble Lord Rennard argued:

"Reintroducing the trigger for the start of the period in which election expenses are limited and increasing the categories for expenditure that must be included within limits will help."—[*Official Report, House of Lords*, 16 June 2008; Vol. 702, c. 846.]

I am glad to have met the Liberal Democrats' requirements in June, even if they have changed since then.

Clause 11 extends the Electoral Commission's existing power to issue codes of practice, and finally, the Bill contains two electoral reforms that I hope will command universal support. Clause 12 allows electors registering to vote on household canvass forms to be added to the electoral roll in the event of an election being held during the canvass period, to prevent the potential disfranchisement of electors in that situation, which can happen. Clause 13 will enable European parliamentary elections to be administered by local authority returning officers on local authority boundaries, which will assist in the effective administration of European parliamentary elections.

I hope that we can agree on broad principles today, while we can work in Committee on what I hope will be agreed positions on practicalities. I repeat my commitment to do my best to reach a consensus, and in that spirit, I commend the Bill to the House.

5.16 pm

Mr. Francis Maude (Horsham) (Con): I beg to move, To leave out from "That" to the end of the Question, and to add instead thereof:

"this House declines to give a Second Reading to the Political Parties and Elections Bill, because it imposes arbitrary and partisan new local spending rules at the end of a Parliament, which are designed to give an unfair advantage to Labour hon. Members in marginal seats in the forthcoming general election, proposes the commencement of vague trigger rules at Royal Assent, before Electoral Commission guidance has been produced, in contravention of the Government Code of Practice on Guidance on Regulation, contains new powers of entry into people's homes which risk undermining public confidence in giving to political parties, imposes disproportionate additional costs on local constituency associations and voluntary political parties, fails to tackle growing concern over electoral fraud, and lacks a comprehensive package of proposals to restore trust in politics, which would include the introduction of individual voter registration and an across-the-board cap on donations covering individuals, business and the trade unions."

Democracy requires there to be political parties, and political parties require money. In any democracy that money comes either from the taxpayer or from voluntary donations and subscriptions—or more usually, as is the case in this country, by some combination of the two. We believe that democracy is healthier when the bulk of the parties' revenues are met from voluntary donations. It is important to recognise that it is as much in the public interest to support democracy by supporting a party financially as it is to support a charity. It is a public-spirited activity.

Mr. Gordon Prentice (Pendle) (Lab): Will the gentleman give way?

Mr. Maude: Perhaps I could get a paragraph or two into the speech before, very happily, giving way to the hon. Gentleman.

It is a matter of the greatest regret that a Bill has been introduced by Labour that every other party seems to oppose. It has long been a tradition, as the Justice Secretary acknowledged, that on such matters every effort should be made to reach agreement between the major parties. It is undesirable that a Government should use their majority to force through a major change that would advantage the governing party against opposing parties without even trying to consult those other parties.

More broadly, the Bill is a wasted opportunity. After months of discussions and negotiations under the patient and resourceful chairmanship of Sir Hayden Phillips, we had the chance to put through serious reforms to party funding that would create a long-term settlement to deal once and for all with the big-donor culture. We do not favour additional state funding for political parties, but we agreed from the outset of those discussions that if all the current concerns were dealt with by means of a comprehensive cap on donations, we would reluctantly go along with additional state funding. As it turned out, despite Tony Blair's intentions—good intentions, I think—Labour simply refused to agree that donation caps should apply equally to trade union affiliation fees, so the chance to settle these matters once and for all was lost.

Mr. Prentice: I wonder whether it is legitimate for political parties to take money from people who are not resident in the United Kingdom for tax purposes.

Mr. Maude: It is legitimate for political parties to take money from legitimate donors who are allowed under the law. If the hon. Gentleman wants the definitive word on the matter, I simply remind him of what the Justice Secretary said when he was asked about particular donors to the Labour party during our debate in December. He said that the tax status of individuals is a matter for them.

Mr. MacShane: The right hon. Gentleman is saying that he wants to be a virgin and have sex at the same time—he cannot do that. His noble friend Lord Fowler, a former colleague, said in a book published a couple of months ago that the Conservative party should have gone in the 1990s for complete state funding and put an end to all external financing. If the Conservatives do not do that, they will always end up being tainted by Lord Ashcroft, loans and so on, and if there is a change of Government in the next 10 or 20 years, under proposed new schedule 19 to this Bill they will know all about that.

Mr. Maude: I bow to the right hon. Gentleman's superior knowledge in respect of the first part of his intervention. I listened with interest to the rest, but I am afraid I cannot agree with him that the answer is universal state funding. I completely understand the view expressed by my noble Friend Lord Fowler. He, like me, has been chairman of the Conservative party, and is scarred—as we all are—by what has been associated with the big-donor culture. That is why we believe that the answer is not simply to replace everything—to nationalise the whole process, as the right hon. Gentleman seems to suggest.

Mr. MacShane: It is the vogue.

Mr. Maude: It may be the vogue for the time being, but it is not a very desirable vogue. The right answer is to apply a comprehensive cap on donations, at such a level that no one will seriously believe that the donor—whether it is a trade union, an individual or a company—can have significant influence on the party involved. *[Interruption.]* The right hon. Gentleman says casually that a donor can parcel it out. Under the arrangement that we came close to agreeing during the Hayden Phillips discussions, that could not happen. The cap is on the total amount given by a particular donor in a particular year. That deals absolutely with the issue that seems to exercise so many Labour Members, who seem to feel that they are especially vulnerable in their marginal constituencies.

Dr. Gavin Strang (Edinburgh, East) (Lab): I agree with what the right hon. Gentleman is saying about the state funding of political parties, but in its evidence to the Neill commission the Conservative party said that it was relaxed about trade union funding supporting the Labour party. I feel that the fundamental issue is the Conservative party's unwillingness to make a distinction between a donation from a trade union and an affiliation fee. The Labour party is a federal party. The trade unions pay affiliation fees, participate in our affairs and help to make our policies. That is very different from what happens in the other parties.

Mr. Maude: As a former Labour leader used to say, I am glad that the right hon. Gentleman raised that point. We went into it exhaustively during our discussions, and considered very fully whether affiliation fees were to be disaggregated and treated as individual donations, thus necessarily falling below any cap that would be imposed. However, the idea that affiliation fees were in any sense voluntary individual donations was blown out of the water.

We discovered during the discussions that a Liberal Democrat Member of Parliament had been sent a ballot paper for Labour's deputy leadership election because, completely inadvertently, he or she—we do not know who it was—had become a member of the Labour party by not opting out of the political levy. We also know that some trade unions casually register not just that 100 per cent. of their members are making this "voluntary individual donation", but, in some cases, that more than 100 per cent. are doing so. Two are paying, I believe, 108 per cent. and 107 per cent respectively. The idea that this is an individual donation or subscription is ridiculous.

I have no objection to trade union funding of the Labour party or, indeed, of any other party. Still less do I have any objection to individual trade union members voluntarily making a subscription to any political party. That is absolutely fine. I entirely understand the historic relationship between the trade unions and the Labour party.

Mr. Walker: Will my right hon. Friend give way?

Mr. Maude: I will finish my point first, if I may, because it is important.

When, during the discussions, we canvassed the possibility of something so simple and basic that most people might think it already existed—a simple box on a trade union membership application form to be ticked by an applicant wishing to opt either in or out of the political levy and thus the affiliation fee; we left aside the question of which it should be—the Labour party representatives were not even willing to discuss that as an option.

As I have said, the idea that this could in any sense be a voluntary donation was blown out of the water. If the right hon. Member for Rotherham (Mr. MacShane) has any influence with his colleagues, as I am sure he has, I ask him to encourage them to revisit the issue; sorting it out would be a major step forward.

Dr. Tony Wright (Cannock Chase) (Lab): I am puzzled by the right hon. Gentleman's description of the fate of the Hayden Phillips talks. We do not have Hayden Phillips to tell us, but we do have the specialist academic adviser Professor Justin Fisher, who says:

"The desire to jeopardise the entire relationship between Labour and the unions is not reasonable. It appears nakedly partisan".

Is that not the truth of what happened?

Mr. Maude: I have absolutely no idea who that academic is; he certainly did not appear at any of the discussions for which I was present. The hon. Gentleman asks what Sir Hayden Phillips's view is. Well, this Bill will presumably go before a Public Bill Committee, and that Committee can, no doubt, take evidence from Sir Hayden and find out exactly his view.

Dr. Alan Whitehead (Southampton, Test) (Lab): We actually have rather more on the record. We have the Constitutional Affairs Committee's deliberations and conclusions on public funding. It reached a consensus, including in a discussion of what might be the role of trade union funding, donations and affiliations. That substantially informed Sir Hayden Phillips's final report. What has changed in the meantime, after that process of consensus up to the end of the Hayden Phillips report and the eventual discussions? Was there a change of heart on trade union funding, or was there a sudden discovery that the Labour party had a relationship with trade unions that it had sought to change? I would be grateful for enlightenment from the right hon. Gentleman on what happened over that period.

Mr. Maude: The hon. Gentleman should not underestimate us. We made our position absolutely clear from the outset. In a paper that my hon. Friend the Member for Chichester (Mr. Tyrie) published some two and a half years ago, we put forward the case for a comprehensive donation cap, because we saw—as, indeed, did the former Prime Minister, Tony Blair—donation caps, and not spending caps, as the key to solving the problems of perception. However, we also said from the outset that if there was to be a cap on donations—which

we strongly supported and which we have promoted—it had to be comprehensive, and that we could not have a system that was partial. After all, a dam that goes only three quarters of the way across the river is pretty ineffective.

Jeremy Wright (Rugby and Kenilworth) (Con): When the relevant report just referred to was written, I was a member of the Constitutional Affairs Committee, along with the hon. Member for Southampton, Test (Dr. Whitehead). The report makes it clear that the reform will work only if it is a package of measures that hangs together. Does my right hon. Friend agree that what is most disappointing about the Bill is that it deals only with a few of the reforms proposed by the Constitutional Affairs Committee, and that the ones that are not proposed seem to be those that are most inconvenient to the Labour party?

Mr. Maude: My hon. Friend makes absolutely the right point. It is odd that so many of the interventions by Labour Members have focused on what is not in the Bill. I share their disappointment that the Bill is half-baked. It is a hotch-potch Bill. It is spatchcocked together from the lesser parts of the Hayden Phillips report. Some parts come from legislation that was long ago abandoned as unworkable, and some other parts spring apparently from nowhere and so far as we can see are wanted neither by any of the parties nor by the Electoral Commission.

Parts of the Bill are, of course, unexceptionable, and it is important that we deal with them properly. We are content with the proposals for the composition of the Electoral Commission, and I agree totally with the way in which the Justice Secretary set out the case on that. I understand the commission's concern that it does not want commissioners appointed from the party political world, but I think we all agree that that is a worthwhile step. It is important that the commission's deliberations in regulating party funding and campaigning, and enforcing that regulation, should be informed by commissioners who have direct, real-world experience of what it is like to raise money and to manage political parties. An advisory committee is very well in its way, but it is no real substitute for having people with direct party experience involved in the decision-making process. Just to be clear, we envisage that nominees in this category would be politicians no longer in the active front line of politics, in order to provide the necessary distance and objectivity, but who were still close enough to be reasonably current with present-day practice.

Likewise, the civil sanctions proposals seem to make sense, providing helpful speed and flexibility to the commission. We shall want to scrutinise them carefully in Committee, but in a positive spirit.

The proposals in clause 12 have merit but, as the shadow Secretary of State for Justice, my hon. Friend the Member for Arundel and South Downs (Nick Herbert), said, we regret that there is still no plan to introduce individual voter registration in Britain, as opposed to Northern Ireland. We believe that that would significantly improve security and limit electoral fraud. The failure to introduce the much tried and tested Northern Ireland system, which has cut fraud in the Province and to which everyone, including the Government, have been committed—there is genuine consensus—allows the possibility of electoral fraud that could readily be avoided. We therefore propose to table in Committee amendments that would give effect to what the Government have already said should be implemented. I hope that they will command consensus throughout the Committee and the House.

Mr. Dunne: On the subject of voter registration, is not another enormous and disappointing absence from the Bill any mention of steps that should be taken to improve voter registration by expatriate Britons living abroad? Some 2.5 million are eligible to vote, yet we have one of the lowest expatriate participation rates of any country in the industrialised world. Why is there not a single mention of the matter in the Bill?

Mr. Maude: My hon. Friend makes an important point. There is an interesting disjuncture between the lack of any requirement of individual voter registration, except in Northern Ireland, and the process that an expatriate voter has to go through to register. It is extraordinarily difficult and immensely more burdensome than what someone in Northern Ireland has to do under the requirements of individual voter registration. As he rightly points out, the result is that an extremely small proportion of those who are entitled to vote are able, or encouraged, to do so. It would be useful for the Electoral Commission to do more to encourage them. Whether they are expatriate or live in this country, those who are legally entitled to vote should be encouraged to do so.

Clause 2 would extend significantly the Electoral Commission's investigatory powers. We all agree that the commission must have appropriate powers to enable it to carry out its duties, but there is real concern about the proliferation of search and entry powers. Last year, the Prime Minister himself seemed to share that concern. He pledged last October to curtail powers of entry with what he described as a new "liberty test". He pledged that any change to entry powers would be accompanied by new guidance on using such powers and on the rights of members of the public to be guarded against abuse. He said:

> "I share the concerns about the need for additional protections for the liberties and rights of the citizen. And I believe that one of the strongest guarantees is a clear understanding of what these rights are and that is more difficult with the very existence of hundreds of laws...
>
> But it is not enough to clarify and subject these powers to the liberty test. Any change should be and will be accompanied by guidance on how these powers should be exercised and the rights members of the public have to take action if those expectations are not met. And we should consider whether we need to do more to offer redress for the individual against any disproportionate use of powers by the state."

That is pretty clear, one might have thought, so it is disappointing that contrary to what he promised no supporting guidance on the use of the powers has been produced. The Bill fails to meet the conditions and tests laid down in that speech.

The right hon. Member for Rotherham raised a further important consideration. Invoking draconian powers of search and entry in respect of any donor, political officer or candidate, or any of the huge number of volunteers trying to do the right thing by engaging in politics for the best of public-spirited reasons, compounds the sense that making donations to political parties is

[Mr. Maude]

inherently dodgy rather than a public-spirited activity essential to a healthy democracy. It should be noted by the House that the first time that those powers are used to kick down a party donor's door will be another step away from voluntary support of parties and towards total state funding—that will be a sad day indeed. Thus, the powers must be exhaustively examined in Committee, and we hope that the Government will think again about them.

Clause 8 requires all those donating or lending more than £200—the de minimis level—to a political party to give the party a written declaration about the original source of the funds. Political parties will be required to confirm that they have received such declarations and to take "reasonable steps" to verify them. We, like all parties, are concerned—the Justice Secretary helpfully recognised that it is a proper concern—that that imposes a disproportionate and excessive regulatory burden. Rather than helping parties to broaden their fundraising, a broad desire to which all parties have subscribed, the requirement will put off small donors and discourage voluntarism.

Sections 40, 54 and 61 of the Political Parties, Elections and Referendums Act 2000 already prohibit donors from concealing the source of donations by channelling money through others—the use of proxy donations by Mr. Abrahams was already illegal. Moreover, if a members' association is used as an agency to channel a donation from a particular donor, that original donor must be declared under the law, as it stands.

Importantly, the Electoral Commission has said:

"we believe that the benefits of these changes will be quite limited, since all they do is place additional procedural requirements on donors and recipients. They will not extend the current restrictions on concealing donations, nor will they add materially to the transparency of party funding as the new declarations will not be sent to the Commission or made public. However, they will impose potentially substantial new regulatory burdens on parties and donors. It is not presently clear whether the benefits of these provisions will be sufficient to justify those new burdens."

As we know, the Electoral Commission always expresses itself with the utmost delicacy, but it must be clear to all that it is saying that these provisions will mean a minimal benefit but a massive burden.

John Mann: The right hon. Gentleman rightly suggests that those powers should be strengthened and that unincorporated bodies should make declarations to the Electoral Commission. He stated that a law already covered the requirement for donations of more than £200 by an unincorporated association to be declared, but that is not the Electoral Commission's view. When asked, its written response to me and others has been that unincorporated bodies do not have to provide such information. That is a huge gap in the law, is it not?

Mr. Maude: The position is that if the association is used as a cover simply to channel money directly from a donor to a party by providing a cloak of anonymity, that is against the law, as it stands—and rightly so. No one suggests that that situation should be different. I understand the hon. Gentleman's concern and his wish for all this to be strengthened, but the proposal does not strengthen things. It is a sledgehammer that manages to miss the nut; it does not achieve what the Government want to achieve. All it does is impose a massive extra burden on local parties and central parties. The impact assessment that has been done by the Ministry of Justice—

Tony Lloyd: Will the right hon. Gentleman give way?

Mr. Maude: I just want to finish this point, because I am conscious of the fact that the Front-Bench speeches are taking a lot of time and many others wish to speak.

The impact assessment is inaccurate. The compliance burden on the central party and the registered treasurer will be very substantial, given the number of transactions involved, the number of accounting units of parties involved and the lack of professional staff in most accounting units. Treasurers in local parties are volunteers, and the threat of new regulatory sanctions being available to the Electoral Commission will cause a flight of volunteers from legitimate party activity. We all earnestly say that we want to encourage more political activism and voluntarism so that more people engage with the political process. The Bill will have exactly the reverse effect.

The impact assessment estimates a cost to political parties of such rules in the region of £7,000 to £10,000, but that massively underestimates the volume of donations over £200 and the cost of verification. The language that is redolent of the anti-money laundering provisions, and the high tests, will require far greater resources in the future. The idea that reasonable steps would involve no more than five minutes' work, as the impact assessment suggests, is manifestly absurd. Five minutes is no more than one telephone call, which would tell the party little and provide no comfort whatever. For a much bigger donation, any party will delve much more deeply under the existing rules. Having been chairman of the Conservative party, I can say that we do that, although it is not clear from the Abrahams case that Labour has always done the same—I suspect that it does now.

Tony Lloyd: The right hon. Gentleman is suggesting that he supports considerable transparency. How would he deal with the Stargate Holdings to Bearwood transactions, which were outside any proper reporting system? Very strong allegations were made in *The Sunday Times* and the "Dispatches" programme that the Conservative party gained massive sums of money from Lord Ashcroft without any of it being properly recorded.

Mr. Maude: It is not news to anyone that Bearwood is a company associated with Lord Ashcroft. The trail shows that clearly, and it is not a secret. The money comes from legitimate activities conducted in the United Kingdom, and therefore the donation is legitimate and permissible. I see no evidence to suggest that anything other than that is the case. If the hon. Gentleman believes that that is not the case, I suggest that he take it up with the Electoral Commission.

The activities that have been described are already illegal, and the Electoral Commission has made it crystal clear that the Bill provides no better protection for the public interest in transparency than we have already. All the Bill would be is a massive hammer blow against exactly the sort of voluntarism and wider participation that we all genuinely want to see. I am delighted that the

Secretary of State for Justice has accepted the need to go back to the drawing board on that provision.

I now move on to the partisan heart of the Bill. It was a grave disappointment when over the summer the Secretary of State committed, in the White Paper, to the measure in clause 10: the reintroduction of "triggering", the archaic, confusing and discredited system under which many of us were elected and re-elected—indeed, some of us lost elections, too. It is the system in which election spending limits are triggered when a candidate first does something that is capable of being interpreted as campaigning to be elected to Parliament.

The Secretary of State rightly makes much of the fact that when he took through the Political Parties, Elections and Referendums Bill, he did so on a consensual basis. That is indeed to his credit. In his statement in the summer, he made a brave stab—and he tried to continue it this afternoon—at maintaining that this provision would also be consensual, on the slender ground that the then Conservative spokesman in the other place had tabled some probing amendments on the removal of triggering.

Martin Linton (Battersea) (Lab): Will the right hon. Gentleman give way?

Mr. Maude: Let me finish this point, as it might help the hon. Gentleman. I know what his majority is, and I know that he has expressed views through the newspapers on many occasions about his great anxiety that his seat is under serious threat from, if I may say so, a most admirable, hard-working and energetic candidate, who I hope will be in his place after the next election.

On the question of whether there is any agreement on the triggering provision, it is worth recalling that in the course of the Hayden Phillips discussions—those who were there at the time can bear this out—the question of the arrangements put through by the Justice Secretary eight or nine years ago came up. There was explicit agreement that they should not be changed. The idea that somehow consensus has mystically emerged on the idea of going back to something that has been so discredited over such a long period seems bizarre.

Martin Linton: I thank the right hon. Gentleman and I am flattered that he so anticipated this point that he took the trouble to check up on the size of my majority. Surely my right hon. Friend the Justice Secretary has better reason to believe that there was consensus on the issue, and not only because of the amendment that Lord Mackay of Ardbrecknish moved in the House of Lords. Incidentally, when Lord Bach said to him:

"If he withdraws his amendments, I promise to look at the point that he has raised",

Lord Mackay replied:

"I am happy to do that" —[*Official Report, House of Lords,* 24 October 2000; Vol. 618, c. 229.]

That sounds as though the amendment was meant seriously, rather than as a probing amendment. Surely, the main reason for that belief is that Opposition Members in the House of Commons made no attempt in Committee, on Second Reading or on Third Reading to move any amendment to change the nature of triggering.

Mr. Maude: Sadly, in every way, Lord Mackay is no longer available—he is in another other place, and we miss him very much—and he cannot tell us what was in his mind when he moved the amendments. However, he said at the time that they were probing amendments and we are entitled to take him at his word.

I find it slightly trying that the Government and Government Members are seeking to invoke some apparent consensus from eight years ago to justify reintroducing something now when there was plainly consensus about getting rid of it, as the decision was made without a Division. The situation is very bizarre. Let there be no doubt that there is not consensus on this provision. I have said it many times before, and I will say it again if I need to. There is no consensus, for reasons that I shall expand on after I have given way to the Justice Secretary.

Mr. Straw: I am listening to the right hon. Gentleman with care. When the 2000 Act was going through, everybody thought that it provided for comprehensive controls on spending at a national and local level, not only within the specific, typically four-week election period but outside that period too. That was one point that was made by the late Lord Mackay. He said that the key, for him, was that a candidate's election, for funding purposes,

"should start from the first moment that he or she, or anyone on their behalf ..takes any action to promote their candidature for an election at which they are subsequently nominated. It could not be simpler."—[*Official Report, House of Lords,* 22 November 2000; Vol. 619, c. 903.]

Surely the right hon. Gentleman is not now arguing that in 2000 it was assumed that we would end up where we have ended up, with national campaign expenditure controlled for the 12 months leading up to a general election, while candidate spending, far from being controlled more than it was before 2000, is controlled less and only for the last four weeks of an election.

Mr. Maude: If the Justice Secretary wants to put forward a proposal that constituency spending by a candidate should be controlled and capped for the 12 months before an election, which would put it on the same basis as the national cap, let him make such a proposal. I would be willing to discuss it. There are considerable problems with the idea, as there are with the fact that the national cap runs for 12 months when, as we know, unlike local elections or devolved elections, there is no certainty about when a general election will take place. However, it is at least a proposal that would have merit and could be discussed.

The Electoral Commission proposed that there should be a four-month period. Such a provision was in the Bill introduced—although not by the Justice Secretary—two years ago, and did not go through, but it was a rational proposal that makes some sense and we would be willing to discuss whether something similar might be a solution to the problem. However, to revert—almost through lack of anything else—to the old discredited regime is a bit pathetic. There are so many reasons for dropping the provision that it is hard to know where to begin.

The provision would reintroduce law already acknowledged to be bad. In the Fiona Jones case back in 1999, the Lord Chief Justice, Lord Bingham, remarked:

"This is a field in which misunderstanding is rife…There is no simple and decisive test to determine whether an expense is or is not an election expense within the meaning of the Act."

[Mr. Maude]

The Committee on Standards in Public Life, in the report to which the Justice Secretary referred, slammed the old rules. In 1998, the committee noted explicitly that

"there is considerable doubt among individual candidates and the political parties about when, for purposes of the Representation of the People Act 1983, a constituency election campaign is deemed to have begun. There is only a limited body of case law bearing on the subject and interpretations of the Act vary considerably from constituency to constituency and from candidate to candidate."

Those of us who have been around long enough can all remember the absurdities under the old rules. A candidate's literature could not show a photograph of him or herself alone, but it was okay if they were with someone else. Candidates were allowed to promote themselves only as associated with the policies of their party. Ridiculous and absurd artificiality was involved, with uncertainty and anxiety for candidates throughout the process. It beggars belief that we should be considering reverting to that discredited system as any part of a modern electoral system.

John Hemming (Birmingham, Yardley) (LD): The provision rests fairly and squarely on the balance of power between incumbency and otherwise. Does the right hon. Gentleman share my concern that if it comes into law any Member who has issued an annual report paid for by the communications allowance will find that they have automatically exceeded the limit come the general election?

Mr. Maude: The hon. Gentleman makes an ingenious point. I shall deal briefly with the communications allowance and its implications a little later on.

It is legitimate to ask whether the lack of certainty under the previous regime can adequately be dealt with by a combination of statute law and clear guidance. Perhaps it can, but it will require much more time, which brings me to the second objection to the provision. The idea that it could be allowed to come into effect at Royal Assent, let alone from today's date, is both mad and wrong. The Justice Secretary's original and outrageous suggestion in his statement in the summer was that the measure could be backdated to the date of Second Reading. That is absolutely monstrous. Such premature commencement is in breach of the Government's code of practice on issuing guidance—their guidance on guidance—which states that guidance should be issued three months before any regulation comes into effect:

"To give organisations time to prepare for regulations, guidance will be issued at least 12 weeks before a regulation comes into effect, with some necessary exceptions, e.g. emergencies."

In the case of the hon. Member for Battersea (Martin Linton) it may feel like an emergency, but I doubt whether it would quite measure up to one in the national scale of things. The guidance continues:

"Sometimes more than 12 weeks will be needed, for example if a regulation is complex or costly to implement."

The provision is both complex and costly.

Martin Linton: Will the right hon. Gentleman give way?

Mr. Maude: I want to make progress. I am conscious that we are taking up too much time and that many other Members want to speak. I have given way generously throughout my speech.

The Electoral Commission said that it could not issue draft guidance until Royal Assent, and that it would then expect to consult very fully on such guidance before it became final. In the note on the White Paper circulated to the parties, the commission stated:

"It would take some time after Royal Assent to finalise and issue any guidance."

I hope the Justice Secretary is listening. I am setting out the Electoral Commission's view about his provision and what would be involved:

"The Commission would have strong reservations about the practicality of enforcing new rules which depended upon such guidance until the date at which the final guidance was available. The Commission also strongly supports the recommendation of the Gould review of the 2007 Scottish elections, that no changes to the rules surrounding elections should be applied to an election held within six months of those changes coming into force."

It is unseemly haste to bring into effect a discredited system; it is unnecessary and will compound bad law with reckless implementation.

The third objection to the provision is that it is in effect retrospective. Hundreds of parliamentary candidates from all parties are already in place across the country. Perfectly properly and in accordance with the law that the Justice Secretary himself brought in, they have conducted themselves in a way that under the old rules would have triggered their election expenses. If this monstrous provision came into effect they would have to find some absurdly artificial way of "detriggering", which would involve taking down websites, pulping literature and changing already published material. *[Interruption.]* The hon. Member for Pendle (Mr. Prentice) is facing an outstanding and energetic Conservative candidate so I can see why he feels sensitive about the matter. It makes my whole point: this is a thoroughly partisan Bill, which it is wrong to introduce in this way. The fact that two Labour Members in marginal seats, with energetic candidates on their tails, object so strongly, makes the case that this Bill is not in the public interest—it is in the Labour party interest.

The important point is that even if agreed clear guidance were in place so that there was no uncertainty, there would still be a massive, hugely effective penalty on candidates who have behaved completely properly in accordance with the law that the Justice Secretary himself brought in. The House should always reject retrospection and for that reason alone I hope the Justice Secretary will withdraw the proposal.

Martin Linton: Will the right hon. Gentleman give way?

Mr. Maude: No, I have gone on too long and I want to draw my speech to a close.

The fourth objection is one of simple equity. We in the House have cheerfully voted ourselves huge increases in the amount of taxpayers' money we can spend on promoting our activities as incumbent MPs. There is a case for and against that, and we believe that the communications allowance is a step too far. None the less, at the same time as we expand the scope for taxpayer-funded publicity for MPs, it cannot be right

for the governing party to try to limit what candidates who seek to unseat us can spend from money that they have raised privately. That is outrageous. We might expect it in Mugabe's Zimbabwe, but in Britain it is simply unacceptable.

In conclusion, we cannot support this curate's egg of a Bill. It is good to hear the Justice Secretary sounding rather more conciliatory today than he did in the summer, when he seemed more than usually keen to have the sun of his Back Benchers' favour warming him—it would of course be wrong for us to speculate on why that might have been, but I am sure that there were the best of reasons. We stand ready to work with him and talk with him to find acceptable answers to the problems, as we have been throughout the process.

It is too late to achieve the long-awaited settlement of party funding that Sir Hayden Phillips worked so diligently with us to achieve. There will need to be another attempt to reach the consensus desirable for such an outcome, but it will have to wait for another day and another year. In the meantime, I commend our amendment to the House.

5.59 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): I am grateful for this opportunity to say a few words in the debate. The speech by the right hon. Member for Horsham (Mr. Maude), which was an excellent statement of the Conservative party's position, clearly reflected the failure of the two main parties to reach some sort of agreement on the main elements of what could have been a comprehensive package. Having listened to the interventions that have been made, I think that it might be possible to cobble together a majority, with Liberal support. It is undoubtedly right that we should have the objective of securing consensus. Indeed, I was one of a handful of Members of Parliament who gave evidence to the Committee on Standards in Public Life inquiry on the Electoral Commission, and that was one of the points that I made then. There is probably no one in the House who disagrees with the proposition that it would have been much better if it had been possible to achieve an overall agreement on the next stage.

I am proud of the Political Parties, Elections and Referendums Act 2000. Okay, there was an omission in relation to commercial loans, but I do not think that that was the result of collusion between the two major parties; people genuinely had not thought the matter through sufficiently. It is quite a remarkable omission, when one thinks of it, but no one from any of the Opposition parties raised the issue at the time, so legislation had to be introduced to deal with it. There is no doubt that we on the Labour Benches are entitled to be proud of the changes that have been made and the transparency that has been introduced. Obviously, my right hon. Friend the Justice Secretary played a major role in that, and the 2000 Act is the centrepiece of those changes.

The Committee on Standards in Public Life produced its report on the Electoral Commission in January 2007. I think that the proposed changes have broad support; that, as I understand it, is the Conservative party's position, too. It makes sense to appoint some commissioners—obviously a minority—who have some sort of political background, not least for the reason that the right hon. Member for Horsham gave: there is a big distinction between an advisory committee and having people on the commission, where the decisions are taken, who have experience of politics. He seemed to suggest that those commissioners would be politicians or ex-politicians, but I assume that they would be drawn from a wider group than that; they might be people who had stood for Parliament, or for local government, or who had a track record as an election agent, or had been local chairmen of a political party. Someone who had been a fairly senior party organiser might be considered. I have no strong view on that, but I support the principle of incorporating people with some political experience directly in the commission.

The guts of the issue is the question of expenditure by political parties nationally and locally. I strongly support limits and controls. If we do not have them, we will go further and further towards the US system, in which colossal sums of money are involved. It so happens that this time around, perhaps unusually, the candidate one might expect me to support, Obama, will massively outspend the Republican candidate, but that is an aside. We should have effective limits and controls on expenditure; I think that that is accepted across the House. A lot of national expenditure is wasteful; one might consider some of the huge adverts deployed, usually by the major parties, in newspapers and billboards. Some of them—I include my party's adverts, as well as those of the Conservative party—have done the parties no good whatever in my constituency.

Mr. Heath: The right hon. Gentleman is absolutely right about billboards and all the nonsense used by the political parties, but I want to mention one aspect of central party funding that causes me concern in constituencies during election periods. Letters are targeted at named constituents. They do not mention a party candidate, but do mention the party platform and leader. They are, in all aspects, a letter in support of the candidate, but do not mention the candidate's name. That is completely outside the controls on election expenditure in a constituency. Does he agree that that needs to be addressed in the Bill?

Dr. Strang: Certainly, it would be a positive step to do so, according to the principle from which I argue. I am generally in favour of controls. The hon. Gentleman makes an interesting and significant point that I shall come on to in a second. In essence, in a first-past-the-post electoral system, if there are to be national controls, there must also be local controls. As we know, the reality is that there are certain seats—they might be Liberal-Conservative, or Labour-Conservative—where there is a second-placed candidate who is the clear challenger. Inevitably, any party that is able to organise large sums of money to spend will be tempted to channel that money towards what it deems to be key seats that it has to win if it is to become the biggest party, if not gain an overall majority, in the House of Commons. To come back to the hon. Gentleman's point, it follows that if we are serious about controls on expenditure, they have to be local, as well as national.

I listened carefully to the point that the right hon. Member for Horsham—the Conservative party spokesman on the subject—made about the trigger. I must confess that I was not that aware of such problems in the past,

[Dr. Strang]

although I well remember how careful we had to be as candidates. As I understand it, his prime concern really relates to the present situation; he feels that candidates may have incurred expenditure, and that it would be unfair if that expenditure were now deemed electoral expenditure. In a sense, his point is time-limited, in that it applies only to the next general election. It does not rule out the possibility of some sort of agreement.

Mr. Maude: The right hon. Gentleman is absolutely right. Going back to a system of triggering might not be the right long-term solution, but at least we could have a sensible conversation about it. What would be outrageous is to reintroduce that system in the manner proposed, and to change the rules, in the middle of the game. It is one thing to make the rules more permissive in the middle of the game, but very much another, from the point of view of equity, to reverse the process when candidates are already in play.

Dr. Strang: I am grateful to the right hon. Gentleman for confirming that point. Certainly, whatever the mechanism, there have to be effective controls on expenditure at constituency level. That should not exclude direct mailing of the type described by the hon. Member for Somerton and Frome (Mr. Heath).

I have mentioned the commission and expenditure; my third point is about trade unions. I was interested in the right hon. Member for Horsham's reaction to my intervention. I believe—people might say, "You would, wouldn't you?"—that my position in relation to the trade unions' role in the Labour party pretty well reflects the historical relationship between the trade unions and the Labour party. I am supportive of it. The trade unions are now heavily regulated by legislation. Of course, we are talking about affiliated trade unions, which have to have regular ballots to affiliate. I have had views, in the past, on the position of non-affiliated trade unions, which are an important source of workers, and indeed one might consider trying to organise some money—I am particularly thinking of my party—voluntarily through those trade unions. On the affiliates, however, one has to accept that the Labour party is, in a sense, a federal party.

John Mann: Can my right hon. Friend cite another example, from anywhere in the world, of an organisation that has to have recurrent, full postal ballots of its members in order to donate to a political party? Is there another example of such so-called democracy anywhere else in the world?

Dr. Strang: The straight answer is that I am not quite sure, but I certainly agree with my hon. Friend's general point, which is that we are talking about a highly regulated, transparent framework. If I was looking for an example, I would look to Australia, but I do not know enough about the situation there, although obviously the trade unions are involved with the Labour party there; no doubt they learned that from us. The point that I want to make is that although there are other affiliated organisations, such as the Co-operative party and the Socialist Environment and Resources Association, the main organisations affiliated to the Labour party are the trade unions. They are the large ones, the ones that have played a major role in the creation of the Labour party. I am very happy with that and I support it. It is fully democratic. You have to be a Labour party member of a trade union, obviously, to participate in our annual conferences. The examples that the right hon. Member for Horsham gave were errors. If it is true that a Liberal MP had some sort of communication sent to him because he was thought to be a member of the Labour party, that must have been an error.

John Hemming: Yes, I am the Liberal Democrat MP who got the ballot paper for the deputy leadership elections of the Labour party. The House will notice that it is not completed. To be fair to the Labour party, there is a box on it which requires one to state that one agrees with the Labour party before one sends the ballot paper in. That recognises that many people receiving it were not aware that they were affiliated to the Labour party, and I was one of them.

Dr. Strang: If you do not know enough about your trade union to know that it is affiliated to the Labour party, that is your problem, not the trade union's problem. It is a remarkable reflection on your interest in these matters. I will give way again if the hon. Gentleman—I hope I do not misunderstand him—was not aware of the position of his own trade union.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I make it clear to the right hon. Gentleman that whoever is involved in this matter, it is not me, as the term that he was using suggested?

John Hemming: I was indeed aware that the Musicians Union was affiliated to the Labour party. However, I was not aware that that included me as an individual. That is an important point, which the right hon. Member for Edinburgh, East (Dr. Strang) should recognise.

Dr. Strang: I am grateful, Mr. Deputy Speaker, for your guidance.

The hon. Member for Birmingham, Yardley (John Hemming) makes a valid point. I shall pick up another point, to be as fair and transparent as we can on these matters. The right hon. Member for Horsham referred to a greater number of union members being affiliated than were levy payers in the union. That did occur in the past. There is probably a substantial consensus in the trade union movement that unions should not affiliate to the Labour party on the basis of more members than they have.

Mr. Jonathan Djanogly (Huntingdon) (Con): Does the right hon. Gentleman believe that members of unions should be able to vote on where their money goes?

Dr. Strang: They do. I have just explained that there must be a ballot on affiliation, and of course every individual contribution is voluntary. People can easily contract out. I think the right hon. Member for Horsham was referring to the situation where some trade union members, through lethargy or a lack of knowledge, have not contracted out. Okay, that may occur.

Mr. Tyrie: The right hon. Gentleman said that it was a voluntary decision of each individual member to donate an affiliation fee. Can he say whether he believes

that all 55 per cent. of trade union members who are affiliated, whom opinion polls have shown do not even support the Labour party but vote for other parties, are none the less dedicated as individuals to making sure that they make a donation every year to the Labour party?

Dr. Strang: The legislation is clear, as the hon. Gentleman says. There is a political levy. Members opt to pay the political levy and if their union is affiliated to the Labour party, one can be pretty sure that some of that money will go to support the Labour party's return in the elections.

Mr. Heath: As the right hon. Gentleman knows, this is a matter that we discussed in the Hayden Phillips group. To his credit, the Lord Chancellor accepted the fact that there were anomalies whereby, as described, some unions, as an abuse—I can only think it is an abuse—affiliate more members than pay the political subscription, or pass over more money than they receive in affiliation fees. Given that that is the case, should the Bill not include restrictions on that, which is quite separate from any imagined abuses on the part of the Conservative party, which is its fig leaf for withdrawing from the all-party talks?

Dr. Strang: The hon. Gentleman can make that point and argue it. What we are discussing is an issue relating to the internal organisation of the Labour party. It is perfectly valid for Opposition Members to say that it has been a weakness in the Labour party's relationship with the trade unions.

To pick up a point made by the right hon. Member for Horsham, when it comes to making a distinction between donations and affiliation fees, yes, as he rightly pointed out, one way of achieving that would be to treat affiliation fees as a sum made up of those individual donations. That is one way of doing it, but not the only way. It may be a clever and convenient way of resolving the difference between a donation and an affiliation fee, but for any long-standing trade union activist and member of the Labour party, those are different things. An affiliation fee is an annual payment by the trade union to the Labour party, based on the voluntary political levy. To effect that, the union must hold a ballot every so often. The other is a donation, which might come from a business, an individual or a trade union. That is how many of us in the Labour party see it.

Mr. Maude: I rather agree with the right hon. Gentleman. That is the way it works—affiliation fees are not in any realistic sense individual voluntary donations. The decision that is taken by the leadership of a trade union to give the money as a block to the Labour party, or to other parties, if the leadership chose to do so, should therefore be treated as a single donation. Our point is exactly that. If there is to be a comprehensive cap on donations, it should apply across the board. It should apply to businesses, trade unions and individuals in the same way. But if the intention is that affiliation fees should escape that, they must become what they manifestly are not at present—genuinely individual and voluntary donations.

Dr. Strang: That is the right hon. Gentleman's view. He is jumping from the collective overall sum to the individual. I agree with him that there is a distinction between an affiliation fee and a donation. There is no way that we in the Labour party can be expected to treat an affiliation fee as a donation. It is not just about individuals; it is about policy. As a result of paying that money as an affiliation fee, the trade unions help us to develop our policy. I am happy and proud of that. The trade unions organise workers who create the wealth of this country. I am proud of the role played by the working class of this country, if I may use that phrase, and by the trade unions along with them.

Sir Alan Beith: I draw the right hon. Gentleman's attention to the fact that the New Democratic party in Canada had a similar relationship with the trade union movement and was concerned that when a ban on donations was introduced in Canada, that link would be damaged or even broken. We took evidence about that when we were in Canada. What the party found was that it was able to persuade a very significant proportion of its members individually to join the NDP and found other ways of ensuring that they were granted opportunities to maintain and improve their relationship. The NDP was very content with the outcome.

Dr. Strang: The right hon. Gentleman will understand if I do not respond to his contribution and enter into a discussion about the NDP, as many hon. Members wish to participate in the debate.

The issue is fundamental for the Labour party and is one of the reasons we do not have before us the comprehensive legislation that the Liberal party would like. It may be that no change can be made until after the next general election.

In conclusion, these are important matters. If we believe in democracy, as we all do in the House of Commons, we need money to fund our election campaigns locally and nationally. I hope that in the course of the Bill's passage, there will be movement towards some sort of understanding. Given where we got to in the discussions and the impasse that was reached, it was certainly worth while introducing a Bill, albeit not as major as might originally have been anticipated.

6.19 pm

David Howarth (Cambridge) (LD): I have been rather disturbed by how inward-looking this debate has been so far. We appear to be talking among ourselves and completely ignoring the view that people outside have of democratic politics, which we create by our actions and through this sort of debate. Outside the House, there is a crisis of confidence in our democracy, and it is just as profound as the crisis of confidence in the financial markets. Both issues are ultimately about trust—about whether one party trusts what another sells it in the market, or whether individual voters and electors trust anything that politicians say about their motives and what they really think.

One of those crises would be bad enough, but the combination of the two—the crisis of confidence in democracy and the economic crisis—gives me a sense of foreboding, and we should take the issue more seriously than we have so far in this debate. We need to act as decisively to restore confidence in our democracy as we have to restore confidence in our banks. If we do not, we will open the door to a situation in which populist extremists can exploit the economic situation while

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declaring that conventional, democratic politics has failed. That is what happened in the 1930s, and we must do everything we can to ensure that it does not happen again.

The problem with party funding scandals is their cumulative effect on how people see politics. In a way, the details are not important. As we have seen here tonight, there is a tendency for a kind of card game to be played in how we debate things: one party plays Michael Brown, another plays Lord Ashcroft; one plays the Midlands Industrial Council, another plays the trade union card. We could talk about the £1 million donors to the Labour party, Bernie Ecclestone or David Abrahams, but none of them is the real point. The short-term advantages to any of us of having an opportunity to pin something discreditable on a political opponent are massively outweighed by the damage done to democracy itself by a constant message that politics is not about values and ideas but about buying power and access, and that politics has nothing to offer except to rich donors or powerful interest groups.

All that is entirely exacerbated by the rise of nationally funded and nationally controlled modern campaigning techniques: the direct mail, the phone banks, the mass texting, the e-mailing, the push polling and so on. All that gives people outside this place the impression that politics is now a matter of mass manipulation, not of mass participation.

Dr. Tony Wright: I am interested in what the hon. Gentleman is saying, but may I put to him a point that a number of hon. Members have made? If we turn large numbers of local volunteers into unintentional law breakers, that will exacerbate mistrust in our political arrangements, not enhance it.

David Howarth: I have a great deal of sympathy with that point. Although it is important to get big money out of politics and protect the political process from the economy and from money, we should not go down the route of treating politics merely as an activity of the state. It is an activity of everybody. To that extent, I agree with the right hon. Member for Horsham (Mr. Maude). The voluntary aspect of politics is immensely important; it is part of our democratic tradition.

However, we have to do something about the rising cynicism about politics in our country, and the Bill is inadequate for the task. There are some useful reforms. I shall not go through all the aspects of the Bill that I happen to agree with. I think that it is a good idea for there to be better regulation of donations by unincorporated bodies. However, we need not tinkering, but comprehensive reform. This is the time not for tactics, but for a clear, statesman-like strategy for rescuing the reputation of the political system.

One can see precisely such a strategy, at least in outline, in the Constitutional Affairs Committee report and the Hayden Phillips proposals for a draft agreement. Those reports do not go far enough for me in many ways, but they propose big enough steps in the right direction—steps that imply sacrifices by all parties which would give people confidence that the proposals are serious and provide a chance for starting the process of rebuilding public confidence.

I want to mention three aspects of a possible strategy and way forward in what the Constitutional Affairs Committee and Hayden Phillips proposed; that is all that I want to do tonight. First, they proposed a £50,000 cap on donations. That was far too high for me personally and other people, but it was a start. As the right hon. Member for Horsham said, we have to prevent any real or apparent possibility of buying policies, elections or access. We all know that upward flickers for any party in the opinion polls suddenly result in the arrival of new and surprising friends, just as lottery winners suddenly find themselves popular. We all know what that is about. There are also dangers in large donations from more principled sources—those who give in support of a particular point of view. All parties are coalitions that have internal debates, and money should not play any real or apparent role in policy formation within parties.

There is also the question of the so-called arms race. I do not want to enter the debate about whether total spending by all the parties is rising or not, although it seems a bit odd to try to calculate total party spending by missing out the Ashcroft money or completely ignoring the spending of my own party. However, the real problem with the arms race is that each party is obsessed not with its total spending, but with the gap between its spending and that of the other parties; parties are always trying to catch up with or stay ahead of other parties' spending. That is one reason why they become so obsessed with large donations for centralised national campaigning. It is easier to raise a large amount from a few big cheques than from lots of small donors. That is one reason why the influence of large donors is seen as having risen.

On the subject of small donors and in reference to the point made by the hon. Member for Cannock Chase (Dr. Wright), I should say that I was glad that the Lord Chancellor said that he was willing to think again about clause 8. It seems wrong to impose bureaucratically on small donations while doing nothing at all to cap large ones. The priorities seem entirely wrong.

Sir Alan Beith: Does my hon. Friend want to reiterate the value of promoting small donations from very large numbers of people? I am sure that he does, because he has been involved in it. Such donations are now a significant part of the financing of parties in the United States, and that is welcome. Some of the ideas put forward by the Constitutional Affairs Committee, including a tax advantage for political donations and a scheme to assist non-taxpayers, should be promoted as part of the package. In that way, large numbers of people will see supporting political parties as worth while, and not the preserve of a few.

David Howarth: Yes, indeed. As my right hon. Friend knows, I am a late and reluctant convert to the idea of any sort of state funding of political parties, but if there is to be any, it needs to be of that nature. It must be based on matching the small contributions of a great number of people, not handing over dollops of taxpayers' money unrelated to the popularity of the party concerned.

The second main proposal by the Constitutional Affairs Committee and Hayden Phillips was for a global limit on campaign spending that would apply all year round, every year, throughout the electoral cycle, not only at election times. Campaigning is now a permanent

feature of political life—it happens all the time. There is no close season any more, and money matters throughout the cycle. One of the things that we learned during the Committee's visits was that, if there are limits that apply only to particular times or localities, that is an open invitation to create mechanisms for evasion. There must be a global limit—even if there are other limits within it—that applies all the time to all sorts of spending.

That is crucial to control party spending, not just candidate spending. Many Labour Members are concerned about the Ashcroft problem of targeted campaigning outside elections. As the Lord Chancellor said, that is currently not regulated even when the candidate is mentioned. However, that is not the essence of the Ashcroft problem—the essence is out-of-election targeted campaigning. That is why, whatever the Government's intention—the right hon. Member for Horsham says that it is a partisan intention; no doubt the Government will deny that—bringing back the trigger will not work. It will not control the Ashcroft spending, because that is party spending, not candidate spending. As my hon. Friend the Member for Argyll and Bute (Mr. Reid) said, the only constraint that the trigger will produce is that the people spending that money will have to avoid mentioning the candidate's name; they will be able to do absolutely everything else. Only by controlling party spending on a national basis can we get anywhere near controlling that sort of spending.

Martin Linton: The hon. Gentleman will find on closer reading of the 2000 Act that national spending is defined as anything that is not chargeable as candidate spending. Therefore, if candidate spending is limited, party spending that is not candidate spending will fall below the national £20 million limit.

David Howarth: It does not actually say that, and that is the problem. Local spending is not covered by national spending. That loophole needs to be closed. It is right for the Government to say that it needs to be closed by new legislation, but simply extending the restrictions on candidates does not work. We have to extend the restrictions on party spending to include that spending as well.

Martin Linton: I think that the hon. Gentleman will find that he is wrong, but if he is right would not that be an argument for tabling an amendment in Committee? It is extraordinary that we have not heard from him one word criticising any specific proposal in the Bill, yet he proposes to vote against it. Why is that?

David Howarth: Simply because it is an appalling wasted opportunity to do something very important that we need to do now. The hon. Gentleman does not seem to take the problem seriously. He should stop playing the internal game and listen to what is going on outside this House. The Bill is an opportunity for the Government to put on record that they think that the situation is in crisis. They have not done so, and that is why we should not support it.

Before I leave the trigger, I want to emphasise a point made by the right hon. Member for Horsham and urge the Government to come forward with an explanation. Why is the trigger retrospective? Under clause 10(5), expenditure is not retrospective, so one cannot count expenditure before the Bill is passed as part of election expenses. However, it does not say the same thing about who counts as a candidate, with the extraordinary effect that things that Members might already have done, including what we have put into our communications allowance-funded literature, will turn out to be events that have triggered the start of our election expenses. In other words, as soon as the Bill becomes law, our election expenses start. The Bill does not rule that out, so I would like the Government to explain why we should not interpret it in that way.

Dr. Whitehead: If the hon. Gentleman looks at the cases that have come before the Standards and Privileges Committee in this regard, he will see that there are careful limits on what may be said in literature that goes out under the communications allowance. In a number of instances, hon. Members who have breached the agreed definitions of what is party political content have been referred to the Committee and reported to the House for breaches of those arrangements, and action has been taken. The definition therefore relates to something that would not fall foul of an amended trigger mechanism in the way that he describes. Does he accept that that is objectively the case as regards such literature?

David Howarth: There are two possibilities. First, someone might breach the rules and trigger their candidacy in that way. Secondly, the two sets of rules may not fit together. Since there has been no attempt to ensure that they do fit together, I would not be entirely confident of what the hon. Gentleman says. It is an issue for the Government to sort out. The fundamental point is that things that we might have done—for example, putting out press releases, whether or not using the communications allowance—might trigger our own candidacies. The clock starts ticking against us as soon as the Bill goes through.

John Hemming: I have here a copy of a newspaper dated 14 October in which Chuka Umunna is described as the

"Labour Party parliamentary candidate for Streatham".

What will the Labour party say to him if the Bill becomes law?

David Howarth: There is a problem as regards whether that person will now be a candidate following Royal Assent. If that is not what the Government intend, they must say so.

We need a global capping of expenditure, because that is the only sort of cap on expenditure that has a chance of working. I am puzzled by the position of the Conservatives. Democracy and the market are different things; in the market, it is £1, one vote; in a democracy, it is one person, one vote. The right hon. Member for Horsham talks as if the two things should be confused, but if we do that, we end up undermining the basic equality that lies at the heart of democracy. The Conservative amendment does not mention, as ours does, a global cap on expenditure. I would be interested to know whether the Conservatives have abandoned that aspect of the Hayden Phillips compromise. As the hon. Member for Rugby and Kenilworth (Jeremy Wright), who is sadly not in his place, said, the Committee and Hayden Phillips proposed a package deal, and that

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package includes the global expenditure limit that the Conservatives should not renege from—I hope that they have not done so.

Mr. Maude: I can help the hon. Gentleman with that. Spending caps were not within Sir Hayden Phillips's terms of reference, which were explicitly about limiting donations. In a spirit of wanting to be as helpful as possible and to build a consensus, we were willing to agree to a global cap on spending, if it was necessary to achieve an overall long-term sustainable package. However, I repeat that we do not consider the level of spending to be the problem. Indeed, Dr. Pinto-Duschinsky's recent research makes it clear that much of the methodology used to show that there is some kind of arms race is flawed.

David Howarth: That is one of the reasons why I mentioned the rather odd nature of Dr. Pinto-Duschinsky's own methodology, which missed out my party's entire spending and, because of the years that he chose, most of the Ashcroft money. Nevertheless, I am still confused about whether the Conservative party does not think that total spending is a big problem but is willing to go along with a cap, or whether the right hon. Gentleman does not think that there ought to be a cap at all.

Mr. Maude: I thought that I had made the position very clear. We do not think that that is the problem, and neither do we think that just having a cap on spending will solve the big donor culture, because by definition only a donation cap will solve that problem. However, if it is necessary to have an overall spending cap that is not overly bureaucratic and burdensome, particularly for volunteers, we would, in an irenic spirit, go along with it. I am not going to pretend that we are enthusiastic about that—we are not—but we want to get it done on an agreed basis that is sustainable for the long term.

David Howarth: I thank the right hon. Gentleman for that. At least it was some progress.

The third and final thing that the Constitutional Affairs Committee and Hayden Phillips dealt with was the vexed issue of the relationship between the Labour party and the unions. Both the Committee and Hayden Phillips were clear that there should be a compromise that would take us from where we are now, so that the Labour party cannot just stay where it is, but not be a threat to the fundamental link between the Labour party and the unions. It would be quite inappropriate to try to destroy another political party's historical method of operation by changing party funding law. There should therefore be a compromise—the Boston compromise, for those members of the Committee who were there.

It is important to distinguish between donations by the unions as organisations, which should be subject to the same donation cap as anything else, and contributions by individual members to the Labour party made via the political levy. From the point of view of the law, the best way to see the issue—the Labour party can see it differently if it wants to—is that the union is, to use an American phrase, bundling the small contributions of individuals. Each contribution does not violate the cap. They might in total violate the cap, but such contributions are treated not as a single donation, but as the bundling of individual donations.

However, if that distinction is to be made and if the unions are to be treated as bundlers in respect of at least some of the money that they give—indeed, perhaps the vast bulk of it—there must be some extra regulation, so that regulators can tell whether a payment is a donation by the organisation or is bundled individual contributions. There must be the possibility of a clear audit trail from the individual contribution through to the party. It must be clear that the money was in fact a contribution to the party via the union, not something else.

John Mann: I appreciate that the unions split from the Liberal party in 1906, which is some time back, but the 1984 law, as amended, is quite precise about the audit trail. Indeed, there is a bureaucracy, paid for by the taxpayer, to oversee it. The certification officer is backed by statute. The position in this country is unique, in that the law dictates how political involvement should take place, thereby creating that precise audit trail.

David Howarth: I think that the hon. Gentleman is talking about the political fund, which I should remind him was created by a Liberal Government, in the Trade Union Act 1913, not the Trade Union Act 1984. I am talking about the audit trail back to the individual contribution, where I believe there is a problem.

I agree with the right hon. Member for Horsham that there are serious difficulties with how things work now. We have already heard from my hon. Friend the Member for Birmingham, Yardley (John Hemming) about his situation. I have here an application form to become a member of Unite that was sent to a member of my family. Nowhere in the application form is the political levy mentioned. We have in law an opting-out system, so there should at least be something in the application form that people can tick to say that they wish to opt out. However, that does not exist in this form. As far as I know, Unite is an affiliated union and has a political fund, according to the 1913 and 1984 Acts. Nevertheless, only someone who is very well informed about that sort of thing—perhaps a student of 1980s labour law or a student of Professor Keith Ewing—will know about the opportunities to opt out, unless they are set out in the form.

Mr. Maude: The hon. Gentleman is on to a very important point, which was at the heart of why we failed to reach an agreement. The Labour representatives—the Justice Secretary and Peter Watt, who was then general secretary of the Labour party—would not contemplate a requirement for even an opt-out box to be on the application form. Will the hon. Gentleman confirm the other astonishing fact that emerged during our discussions, which is that even if someone manages to go the extra 10 miles and discover how to opt out, most unions will not let them pay any less money?

David Howarth: That is sometimes the case, but not with Unite, on which I do not want to cast any aspersions. If someone persuades Unite that they do not want to pay the political levy, it will let them off 20p a week.

The point is that it is not unreasonable to ask the Labour party and the unions to be more transparent about what happens, in exchange for the unions being treated as bundlers—that is, as bundling together individual contributions—and not as making organisational donations.

when they hand over what the Labour party is, quite reasonably within its own terms, entitled to treat as an affiliation.

Dr. Strang: One important point is the fundamentally democratic nature of trade unions. Unions decide their policies at their annual or bi-annual conferences. The leadership is then duty-bound to implement those policies and to argue for them in the Labour party and the wider community. At the end of the day, those leaders are elected. Indeed, thanks to previous legislation they must be elected; it used to be possible to be a general secretary for life. One therefore has to give some leeway to organisations to elect their leadership and to allow that leadership to make the case.

David Howarth: But there is an important distinction between the organisation deciding through its democratic processes to make a donation from the political fund to a political party and individual contributions being channelled through the political fund to a political party. The first is a donation; the second is bundling. The first, which the right hon. Gentleman mentioned, should be treated as a donation subject to the cap. However, if the unions want to be treated as bundling together individual contributions, which they should be allowed to do, they need to be more transparent about what they do.

That seems a perfectly adequate deal, and one that is far more favourable to the unions than the Canadian one, which the New Democrats have found not to be all that much of a problem. In fact, the New Democrats' performance in the recent election was rather more impressive than our equivalent party's performance.

I do not want to go into the detail of the Bill; I just want to say that the three proposals, from the Committee and from Sir Hayden Phillips, form the core of a workable compromise that would start to restore public confidence in the political system. The question with which we started the debate still remains: why does the Bill not incorporate those proposals? The Government say that there is no consensus on them, and that is true. They say that the Conservatives pulled out of the talks in disputed circumstances. Yes; so it is true that there is no consensus. It is also true, however, that the biggest gainer if nothing happened would be the Conservative party, although that might not remain the case after what has been happening in the City. Nevertheless, on the whole, that is where we are.

Even if that is all true, however, it still does not explain why the Government have effectively given the Conservative party a veto over major reform of party funding. The question that I asked the Lord Chancellor in an earlier intervention remains: why do the Government not propose Sir Hayden Phillips's framework, which has public opinion behind it, even if the parties are not there—it is public opinion, and what is going on outside, rather than inside, the House that matters—and then challenge the rest of us to explain why we do not support it? That would be an act of statesmanship. Instead, we have this petty, inadequate pusillanimous Bill. I ask the House to reject it.

6.51 pm

Fiona Mactaggart (Slough) (Lab): It seems to me that the Bill is about better regulation. We are looking at whether the Electoral Commission has been an effective regulator, and the consensus in the speeches that we have heard so far is that it could do better. I share that view. If we look at the principles of good regulation—proportionality, accountability, consistency, transparency and targeting—we see that some of the measures in the Bill will help in that regard. For example, the present burdens on voluntary treasurers in local political parties are such that I would never volunteer to be one. I bless the guy who is the treasurer of Slough Labour party, and I hope that he lives for ever, because if he does not, I do not know where we would find another.

I also fear that our regulation of donations has not been sufficiently proportionate. It has placed a very heavy burden on volunteers, and some of the proposals in the Bill—perhaps with some amendment—could ease some of those burdens and make them more proportionate. Some of the powers that make some of my hon. Friends anxious—my right hon. Friend the Member for Rotherham (Mr. MacShane) was one—are the ones that we expect of most regulators. They include the powers to investigate and to call for documents, and they are held by regulatory bodies from the General Medical Council and the Charity Commission to the Financial Services Authority. I do not think that we should fear them. However, most of those bodies have a duty to keep their investigations confidential in the early stages, and not to go running to journalists to say that they are investigating this or that politician. One weakness in the Bill is that such a duty will not be placed on the Electoral Commission, even though that is one of its present failures.

Another of the Electoral Commission's present failures is the fact that it knows nothing of that which it regulates. That will be helped substantially by the proposal to add some commissioners with recent electoral experience. I am depressed by the commission's lack of a sense of inquiry into the electoral process. In a way, it has followed an agenda that was, I am afraid, invented by journalists, rather than one that is determined by what is happening on the ground during elections. I am very concerned about what happens on the ground during elections.

I am also very concerned that, in some constituencies, the process of electoral registration is not picking up the people who should vote. The number of people in inner-city constituencies, for example, who are eligible and registered to vote is substantially lower than the number of people who are entitled to vote. Even in the small town that I represent, which is very diverse, I have seen people turning up at the ballot box wanting to vote but being unable to do so because they find, to their horror, that they are not on the electoral register. They did not know that they needed to fill in a form, or whatever.

I am depressed by the fact that the Electoral Commission has done so little to increase electoral registration. I was not really surprised that the Conservatives were concerned about registering people overseas and about individual voter registration. I believe that there are circumstances in which we should consider individual voter registration. I represent a town in which there has been substantial sustained electoral fraud. Eight members of the Conservative party will shortly face criminal charges at Reading Crown court for roll-stuffing—that is, registering people who do not exist. Some 200 people who did not exist were registered in one ward in Slough. We discovered this, and our Labour party volunteers put huge human

[Fiona Mactaggart]

resources into collecting the evidence that was eventually presented in an electoral court to show that the person who had overthrown, by 120 votes, the first ever black woman mayor in Britain—she had been a long-serving councillor—had got there by cheating. A by-election followed, and Labour won the seat back.

In places where there is evidence of such corruption, there might be a case for individual voter registration. I would not support its introduction universally at the moment, because when it was introduced in Northern Ireland the number of people registered to vote went down by 10 per cent. That is not a tolerable consequence.

Dr. Lewis: The question that the hon. Lady must ask is whether the 10 per cent. of people who were lost from that list were real people or fictional people.

Fiona Mactaggart: As someone who has spent a lot of energy finding out about fictional people in one ward in Slough, I believe that, even where corruption has existed for a substantial period of time, it is beyond the bounds of possibility that any party could generate a quota of 10 per cent. of fraudulent registrations. I have seen how hard it was for the people who did this in Slough.

Mr. Djanogly: The hon. Lady is making a powerful case for individual voter registration, which we support. Even though the numbers in Northern Ireland fell, I am pleased to say that, after a period of time and now that the register has been cleared up, the numbers are increasing again. In other words, once the security is in place, there is a basis for growth.

Fiona Mactaggart: The hon. Gentleman makes it quite clear—in contrast to what the hon. Member for New Forest, East (Dr. Lewis) said—that the fall in numbers in Northern Ireland involved real people who had not been registered, and that they are now coming back on to the register after efforts have been made as a consequence of the fall to register them. That is why I do not think that it would be a proportionate or targeted response to demand individual voter registration. But I do back individual voter registration in Slough, because I do not trust the Conservatives in Slough not to have done the same thing in other wards where we have not put in the same efforts.

I also believe that, in areas where there is evidence of the abuse of postal voting—there are some such constituencies—we should take powers in the Bill to tackle that abuse. It is among the most serious abuses of the electoral system. William Hogarth got it right in the 18th century. We need to regulate the real abuses. We have become obsessed with the details of individual donations, but we should be obsessed with the right of the voter to have their views counted, and with whether the democratic process is able to work. We do that by preventing the dead, the non-existent and the invented from voting—very visibly illustrated by Hogarth's skeletons voting, although in Slough it was non-existent people in central ward—and by preventing abuse of the postal vote system, which is easier to abuse than the vote-in-person system. We also do it by preventing personation—another subject that the Electoral Commission has put no effort into dealing with, although we know that it occurs in some places.

I am concerned that we have a weak regulator that runs to the media rather than tackling the abuse of democracy. I believe that that is what we face. Although there may not be a united view across the Chamber and although there may be individuals in many parties who have abused the system, as members of the Conservative party did in Slough, I do not believe that any of the parties wish that to be the case. I believe that the political parties are united in wanting democracy to prevail and real people to have real votes that should really count. I believe that they want a system of regulation—a system that is proportionate and targeted—that can guarantee that.

Mr. Djanogly: Does the hon. Lady appreciate that nothing in the Bill provides for countering electoral fraud?

Fiona Mactaggart: That is one of the reasons why I am making a bid to sit on the Public Bill Committee in order to be able to do something about it. What I am saying is that some aspects of the Bill strengthen the Electoral Commission, which could make it face up to its real job. I believe that, ever since it has existed, it has failed to do that job, so changing that is the first step towards dealing with some of these issues. I believe that the Electoral Commission is a weak regulator; it has been a self-indulgent regulator, doing the easy stuff and avoiding the hard stuff. Unless we turn it into a stronger, more effective regulator, nothing we agree about—whether it be how donations should be counted, how we should behave in the pre-election period or when election expenses should be triggered—will make any difference. A difference will be made only if we get a regulator that can do its job.

Mr. Stewart Jackson (Peterborough) (Con): I am sure that the hon. Lady's words will be heard by the Peterborough Labour party, particularly three of its members. One, a former councillor for central ward and former Mayor of Peterborough, went to prison. It is not necessarily inappropriate to trade different experiences. I find myself agreeing in my many respects with the hon. Lady, but she is being slightly unfair on the Electoral Commission, which has consistently argued over the past few years for individual voter registration. More importantly, it has also argued for a review of the Representation of the People Act 1983, particularly with respect to gaining the ability to challenge those people who might be guilty of personation. The hon. Lady's Government have done nothing about that.

Fiona Mactaggart: The hon. Gentleman, to be straightforward, did not listen to what I said. I expect that Eshaq Khan might visit the former Mayor of Peterborough in jail—with our present jail overcrowding, they might even share cells. However, I said that I did not believe that any party in this Chamber wanted that to occur within their own party. I actually believe in political parties. If the hon. Gentleman or any other Member wants to know what legislation I would introduce, they should read a pamphlet that I wrote some 18 months ago entitled "Parties for the Public Good", in which I set out my proposals. They are not reflected in the Bill—quite usual with my record in the Labour party! Nevertheless, public opinion on political parties was dealt with in my pamphlet. When asked which two or

three organisations or groups had the most impact on meeting the long-term needs of people in this country, political parties came as high as third after the Government and public services such as the NHS. In other words, political parties beat charities, trade unions, local councils and all sorts of other organisations as bodies in which people had faith in order to deliver for the future.

I also have faith in political parties, but the Electoral Commission clings to the standpoint of believing that political parties are rogues, which feeds an anti-party attitude. It would be better if the commission properly did its job, which is fundamentally to ensure that elections and democracy work. It should look into where the big abuses of democracy and elections lie and assess whether we are tackling them. I do not believe that the Electoral Commission is doing that. It has made demands about what others should do without itself taking action that it is in its power to take. I hope that the Bill will begin to encourage it to do what it should do.

7.5 pm

Sir Peter Viggers (Gosport) (Con): The Electoral Commission was created to be independent, but it has to be answerable to someone for pay and rations, as it were, and the body to whom it is responsible is the Speaker's Committee on the Electoral Commission, on which I sit. I am the Chairman of the informal sub-Committee of the Speaker's Committee and I answer to the House on behalf of that Committee. I am Mr. Speaker's nominated deputy as Chairman of that Committee. I thus thought it appropriate to make some comments on the Bill before us.

The Speaker's Committee on the Electoral Commission supports the principle of the recommendations in the 11th report of the Committee on Standards in Public Life, which was the genesis of the Bill. The principle is that there should be representation of politics and the political process at the highest level. The Speaker's Committee took the view that that would improve the overall effectiveness of the commission. On the CSPL report, the Committee noted that the individuals appointed

"should bring their experience to bear in a non-partisan manner. The appointment process for such Commissioners would need to be consistent with this."

The Speaker's Committee went on to say in its response that there would be difficulties in the representation of small parties and it took note that that problem would need to be addressed. I observe that the Speaker's Committee has, in practice, been appointed and asked by the Speaker to advise on the appointment of the Chairman and members of the commission and that clause 4 effectively endorses the practice that has emerged from the Speaker's Committee.

As I said earlier, I am not proposing to burden the House with the views of the hon. Member for Gosport this evening, but I want to put on record some comments by the Electoral Commission. I ask to be allowed to be a conduit for the point of view of that commission and to put on the record any points that it believes should be recognised. The first of those is that the commission welcomes the provision to amend its sanctions and investigative powers and, with some qualification, the proposed changes to the rules on recent political activity for its employees. However, the Electoral Commission has expressed concerns about the proposals to change the rules on the appointment of electoral commissioners.

The Electoral Commission has for some time expressed the view that it should be given more tools to establish the facts in any case, and to take appropriate and proportionate enforcement action where necessary. The commission believes that the proposed changes to its investigation and sanctioning powers will achieve that end within a well recognised framework of good regulatory practice. The proposed sanctions are consistent with those provided by other regulators under the Regulatory *Enforcement and Sanctions Act 2008 and are, quite* rightly in the commission's view, set within a framework of procedural safeguards, including new rights of appeal.

Several hon. Members, notably the right hon. Member for Rotherham (Mr. MacShane), have expressed concerns about the powers that the Electoral Commission already has. It would like to point out that under section 146 of the Political Parties, Elections and Referendums Act 2000, it already has powers to enter premises and demand documents. In fact, the commission has only once served notice that it requires documents to be produced to it, and it has never used its powers to enter premises.

If hon. Members are concerned about the broad range of powers to enter premises and the other powers given to the Electoral Commission in the Bill, I suggest that it is entirely appropriate for those concerns to be raised in Committee, and I am sure that the commission will be happy to discuss the regulatory sanctions it has and the need for breadth.

The commission has set out its concerns to hon. Members about the proposed changes to the rules on the appointment of electoral commissioners. As has been well rehearsed, as things stand the commissioners must not have political experience. The commission said that it understands and agrees with the intention behind the provisions in the Bill. It must have a thorough and up-to-date understanding of the way political parties work, and it therefore welcomes the proposal to relax the restrictions on recent political activity for most employees, which it believes would go a long way towards meeting this need. It has stated, however, that it would like to extend the proposed new five-year rule to posts other than that of chief executive.

The commission notes that clause 5(3) states that commissioners appointed from a political background should not participate in boundary decisions, but it takes the view that there is a wider range of issues with which it becomes involved, and it believes it appropriate for the Committee to consider carefully a range of activity in which commissioners with a political background should not participate in discussions. It takes the view that the participation of commissioners with a political background in discussions involving exclusion, criminal sanctions against individuals and so on could give rise to legal challenges on procedural grounds of alleged bias. I am sure that the Committee will want to take account of that; indeed, I see the Minister acknowledging that there is a point to be considered.

The regulated period for candidate expenses has been commented on and criticised by many hon. Members. The Bill proposes that the regulated period should start when expenditure is incurred

"for the purposes of a candidate's election."

The trigger would be activity on the part of the candidate, whether or not they were declared as a candidate at that time. As with any change to the rules, the commission

[Sir Peter Viggers]

has stated that it will produce guidance for parties and candidates on what they will need to do to finalise the process as soon as possible after Parliament has completed its consideration of the legislation. In the commission's view, the more precisely Parliament defines the kind of behaviour that will trigger the regulated period, the more straightforward the commission's guidance on how to comply with the legislation is likely to be.

The Bill proposes to require those donating or lending more than £200 to a party to provide a written declaration about the original source of the funds. The commission has said that although it generally supports any measures designed to underline the principle of transparency, it has concerns about the compliance burden those provisions would place on parties. The commission is not convinced that the benefits of the new rules would justify that, and my right hon. Friend the Member for Horsham (Mr. Maude) and the hon. Member for Slough (Fiona Mactaggart) made the point that we must not discourage voluntarism. It is important to ensure that people are prepared to work for political parties, and they should not be discouraged from doing so.

Madam Deputy Speaker, thank you for the opportunity to make these contributions, which were put to me by the Electoral Commission. I am obliged to the House; I hope that the points will be considered by the Committee, and that the House will forgive me for referring more heavily to notes than usual because I wanted to make the points made to me by the commission.

7.13 pm

Martin Linton (Battersea) (Lab): I start by welcoming the Bill. It is limited and focused on specifics, and it is intended to be. I would support spending caps and caps on individual donations, and I would support a greater degree of state funding. Like my hon. Friend the Member for Slough (Fiona Mactaggart), I spelled out all my views in a pamphlet many years ago. It was called "Money and Votes", and was published by the Institute for Public Policy Research in 1994. Many of those proposals went to the Neill Committee and became part of the Political Parties, Elections and Referendums Act 2000.

I fully recognise, however, that the agenda is still unfinished. There are many things that should be in a second political parties Act. I would argue, however, that those things should not be in this Bill, which is about closing the gaps and loopholes in existing political parties legislation. Clause 8 deals with what one might call the Coleshill manor clause—unincorporated associations. Clause 10 is what I would call the Ashcroft loophole clause. I know that the noble Lord did not invent, create or cause the loophole, but he was the person who first exploited it as a donor, and he is now doing so as deputy chair of the Conservative party. Clause 11 is what one might call the autumn election clause, dealing with registration during the notifying period.

While many other reforms may be desirable, I should point out to the hon. Member for Cambridge (David Howarth) that although opposition often takes the form of delay, he should beware of supporting opposition that is intended to cause delay and to defend unfair and unintended advantages enjoyed by one party. It is hugely important to implement the Bill in good time before the next election. That point is almost too obvious to make. Like many of my hon. Friends, my prospective opponents in my constituency are the recipients of Ashcroft money, which gives them an unfair advantage. It is important to proceed as fast as possible with the Bill, which essentially will right the wrongs in the 2000 Act. Any attempt to put spending or donation caps in the Bill, desirable as those things might be, would undoubtedly be the cause of further delay. I would support minor amendments, such as lightening the burden on treasurers. Like my hon. Friend the Member for Slough, I am equally grateful to the treasurer of my local party, Councillor Tony Belton, whom she knows well. He is one of many people who put up with a huge burden of regulation as the treasurer of a constituency party.

The most important clause in the Bill is, in my view, clause 10. I have before me the *Hansard* report of the famous night in the House of Lords when the loophole in question was inadvertently created. My right hon. Friend the Secretary of State has never tried to conceal the fact that it was a mistake. In fact, it was made in the House of Lords long after the Bill left the Commons. The crucial phrase was "the dissolution of Parliament", which appeared in the Bill only some time after it left this place. My right hon. Friend is right in saying that there was an amendment from a Conservative peer to remove the clause. It was not described by that peer as a probing amendment, but as a genuine point, and when the Minister, Lord Bach, asked him to withdraw the amendment so that he could look into the point, the Conservative peer agreed.

There was consensus at the time, but a clearer sign that there was consensus was that the Opposition in the House of Commons did not, at any stage during Second Reading or the Committee dealing with the Bill, propose to remove triggering, or propose to remove the spending controls on local candidates. That was never mentioned during the debate. My only criticism of the Government is that it has taken us seven years to get from that initial mistake to a Bill that will close the loophole. I do not pretend that reintroducing triggering is a 100 per cent. foolproof way of preventing excessive candidate spending, but it is the best way available at the moment. I look forward to a Bill that will introduce limits on national and local spending that will be far more effective.

Mr. Djanogly: Given what has been said so far by many Members on both sides of the House, does the hon. Gentleman think that it would be fair to introduce the measure before the next general election?

Martin Linton: Of course it would. If it was unfair to remove the spending limits on candidates, it must be fair to reinstate them.

Let me remind the hon. Gentleman what happened before this country imposed limits on candidates' spending. To do so, I must go back to the 1880 election, when one candidate made donations to 15 chapels, 17 churches, 23 cricket clubs and 150 societies in his constituency in order to secure re-election. A contemporary commentator calculated that the money spent by candidates in that election—in 1880—was £2½ million. When inflation is taken into account, that is a huge sum, equivalent to

roughly £171 million in today's terms. If it is calibrated to the earnings index rather than the retail prices index, it amounts to £2.6 billion.

That was the political world before candidate spending limits were introduced, and those who oppose their reintroduction should bear in mind that it is the world to which they are attempting to return us. Anyone who wishes to see a more contemporary example need only look across the Atlantic, where expenditure of $1 billion has already been exceeded in a presidential election campaign—and who knows what next month's election will do?

Lord Ashcroft started on a very moderate basis, giving cheques for £20,000 or £40,000 to candidates in the 2005 election. I do not know whether Opposition Members were beneficiaries, although I can see one or two who may have been. In this election, as deputy chairman of the Conservative party, he is handing out cheques for a mere £5,000 or £25,000, depending on the perceived marginality of constituencies. But, of course, in the wake of those donations from central office, there often follow much larger private donations, taking advantage of the loophole—which everyone acknowledges to have been unintended—that there is no limit on candidate spending. That is why it is so important for us to legislate to close the gap.

David Howarth: I do not think that the hon. Gentleman has grasped the central point, which is that the Lord Ashcroft money is party expenditure and not necessarily candidate expenditure. All that Lord Ashcroft, or someone acting in the same way, needs to do to evade the measure in the Bill is not to mention the candidate's name. Everything that the hon. Gentleman has cited will still apply, but will not be covered by the Bill.

Martin Linton: We have already discussed this. I suggest that the hon. Gentleman speak to some lawyers—*[Laughter]*—unless he is a lawyer. If he is, he should know better.

As I read it, the provision clearly states that there are only two forms of spending: a national form of spending that is covered by the national limits, and any form of spending that could be defined as a candidate expense, which is covered by the local limit. If the letters that have been referred to—I have seen some in my constituency—are not included in candidates' expenses when candidate spending limits are re-imposed, they will automatically be set against the national limit. There are only two kinds of spending, and every instance of spending must be of one kind or the other. That, in effect, closes the loophole.

David Howarth: I think that the hon. Gentleman should look at the existing legislation, which exempts from the national limit—which, incidentally, is only one year before the election anyway—

"any expenses in respect of newsletters or similar publications issued by or on behalf of the party"

—the word "party" should be noted—

"with a view to giving electors in a particular electoral area information about the opinions or activities of, or other personal information relating to, their elected representatives or existing or prospective candidates".

Martin Linton: I am referring to a different part of the legislation. I cannot quote from it now, because I do not have access to it. However, I suggest that it is disingenuous of the hon. Gentleman to have made a speech in which he did not make a single criticism of any proposal in the Bill. *[Interruption.]* No, he did not make a single criticism of it. Now he proposes to vote against it. He should beware of supporting an Opposition who clearly have an interest in delaying the Bill, when his own parliamentary colleagues are suffering from the effects of this loophole because Ashcroft money is being spent against their interests as much as those of Labour Members.

Let me read the hon. Gentleman what Lord Ashcroft said in his last book, appropriately entitled "Dirty Politics, Dirty Times". He pointed out gleefully:

"Of the 33 candidates who won seats from Labour or the Liberal Democrats, no fewer than 25 had received support from the fund that I had set up with Leonard Steinberg and the Midlands Industrial Group"

—which, incidentally, clearly meant making use of that loophole.

Adam Afriyie (Windsor) (Con): Earlier, the hon. Gentleman took us back to 1993. The central thrust of his argument about escalating expenditure during elections is not supported by the Library research paper on the Bill, which plainly states—in two separate places on page 44—that spending levels have been falling.

Martin Linton: My neighbour and hon. Friend the Member for Southampton, Test (Dr. Whitehead) is checking the context, but even if that were true, this would be a point of principle. For more than 100 years there have been limits on spending by candidates. They have been inadvertently removed, and they should be reintroduced. The way in which they are reintroduced should of course be fair to all parties, but we should not hold back from reintroducing them because of practical difficulties.

Dr. Whitehead: My hon. Friend may be interested to know that the two references on page 44 of the research paper relate, first, to a disputed analysis for the Policy Exchange, which does indeed exclude Ashcroft money and Liberal Democrat income, and, secondly, to a declining amount of local constituency expenditure as recorded by the Constitutional Affairs Committee, not a decline in national expenditure. The "arms race" is all about a discussion of the rise of national party expenditure.

Martin Linton: I thank my hon. Friend. I shall take that up with my old friend and sparring partner Michael Pinto-Duschinsky, with whom I have often been happy to disagree on issues to do with party funding.

I have always advocated—both to the Neill committee and to the Committee that dealt with the first political parties Bill—that it was wrong to distinguish between national and local spending, because it would lead to questions of definition and might create loopholes. I have always argued that, as in the Canadian system, a single limit should apply to both national and local spending. I urge my hon. Friend the Minister, even at this late stage, to consider that as a far better solution. If national spending must be divided equally between all constituencies, the constituency limit effectively bites on the national spending limit, and there can be no room for moving spending from one category to the other.

[Martin Linton]

Clause 8 deals with unincorporated associations. I should have thought that that reform, too, was clearly intended. It was not intended in the 2000 Act that such associations should escape the disclosure provisions, and I have heard no Opposition Member argue that they deserve to.

I see that the hon. Member for Chichester (Mr. Tyrie) is present. He was the beneficiary of a £3,000 donation from an organisation called the Churchill luncheon club. I am sure that it is an entirely legitimate organisation, but that £3,000 donation may conceal many donations over £200 which escape declaration simply by being channelled through the luncheon club. I am sure that the hon. Gentleman attends its meetings and has a very good lunch, but I should have thought that, as a believer in disclosure, he would be one of the first to insist that his donors are happy to declare their identity, if indeed their donations are above the disclosure limit. I look forward to hearing whether he thinks that there is any particular reason why they should be exempt.

I shall now briefly refer to the parts of the Bill that deal with the Electoral Commission. I take very much the point that it has too few regulatory tools at its disposal—it can either issue a reprimand or refer to the police—and I agree that there should be many intermediate offences.

I understand that the Minister has already said that there will be a careful consideration of proposed new schedule 19A to the 2000 Act and that his ears will be open to counter-proposals. There is a great deal of concern about the powers to enter MPs' offices and seize documents. The hon. Member for Gosport (Sir Peter Viggers), who speaks on behalf of the Speaker's Committee, says that these powers have been used only once, but if they are to be extended in this Bill it is important that we do not create a situation where people could feel at greater risk of unnecessary intrusion into their affairs. We have seen what has happened to some Members of this House. I shall not mention specific cases, but reporting an unintended failure to disclose to the police is an incredibly serious issue. That is a power that should be used with extreme caution, if at all—indeed, we should think very seriously about whether that power should exist.

Let me make a final point. It is on the issue of consensus, which has been mentioned on all political sides in this debate. It is important that we understand the limits of consensus. It would, of course, be highly desirable for this Bill to be passed on the basis of consensus. Indeed, before tonight I expected the official Opposition and the Liberal Democrats to agree to these proposals, because, after all, they have always agreed to candidate limits, and they agree about the deficiencies that exist, and it was not intended that the 2000 Act should remove candidate limits. Therefore, there is no particular reason why any of the Opposition parties should vote against the Bill. However, we need to think back through history to 1976, when the Houghton committee, which the Labour Government set up in 1975, reported to the House on a series of proposals including disclosure of donations, donation limits, spending limits and an element of state funding. They were discussed more than 30 years ago. However, all those proposals had to be shelved because the Prime Minister of the day believed it was necessary to have consensus between all parties before progressing with any proposed party funding legislation. As a result nothing was done. I believe that happened because Lord McAlpine, who had recently become the treasurer of the Conservative party, had advised the then Leader of the Opposition that, however bankrupt their party was, doing as he said would hurt the Labour party more than them.

Therefore, nothing was done, and we entered a period of 30 or so years when funding gradually fell into disrepute. The bottom of the barrel was scraped and scraped again, individual donations were chased, and millionaires were tapped for funds. I shall not embarrass the Conservative party by mentioning all the names involved in all the scandals of the 1990s, but they well know that as a result of that failure to tackle the issue in 1976 the politics of this country fell into disrepute, and now we are left, 30 years later, trying to pick up the pieces. Therefore, a Government should never hold back from doing what they believe is right simply because they cannot achieve a consensus, especially if that consensus is being unreasonably withheld by an Opposition who well know that their candidates are enjoying an unfair advantage, and who never opposed candidate limits in the first place, but choose to oppose it now.

I say to the Liberal Democrats that it would be terrible if they were to oppose the Bill simply because of what is not in it. They must judge the Bill by what is in it and whether it is right or wrong. It would be a dereliction of duty by both main Opposition parties if they failed to give this Bill a fair wind.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I do not wish to stifle this interesting debate, but I am conscious that several Members wish to make a contribution and I have an eye on the clock. I therefore ask Members to restrict their contributions just a little.

7.35 pm

Mr. Andrew Turner (Isle of Wight) (Con): It is a great pleasure to follow my hon. Friend the Member for Gosport (Sir Peter Viggers)—and, indeed, to follow the hon. Member for Battersea (Martin Linton). It occurs to me that there is nothing to prevent a Labour candidate or MP from doing exactly the same as the Conservatives have done in respect of Lord Ashcroft. However, I shall ignore that issue for most of my speech. Instead, I wish to raise some issues regarding elements of the Bill, and also to mention one issue that has been omitted.

The new powers to be awarded to the Electoral Commission are of concern to me. I believe that some of the civil sanctions that the commission would be able to exercise following the enactment of the Bill may prove unacceptable in practice. Paragraph 10 of proposed new schedule 19B to the Political Parties, Elections and Referendums Act 2000 allows the commission to impose so-called stop notices. These are to be imposed on individuals to prohibit them from carrying on an activity that the commission believes is "likely to involve" their committing an offence under the 2000 Act. The wording implies not "has done", but merely "may do". Likewise, a stop notice can be imposed if the commission believes the person's activities are likely to lead them to commit an offence or contravention of the Act.

Does the Lord Chancellor recognise that those measures could interfere with an individual's wholly legal actions? An individual could be treated as if they had already committed an infringement, even if their actions never led to such an infringement. Is not the Electoral Commission's purpose to ensure that elections are run legally and to punish individuals appropriately once an infringement has occurred, and not before? Does the Lord Chancellor not also agree that absolute clarity is needed when qualifying situations are deemed "likely" to lead to an offence?

Also of great concern is a proposed change under clause 2 that would give the commission an investigative power akin to a search warrant. The power allows authorised commission staff to enter an individual's or party's premises to access financial records and information. In many situations, not least during an ongoing election campaign, such action would be highly disruptive; it may, in fact, damage the electoral system rather than safeguard it. Does the Lord Chancellor not agree that this power should be used only in the most serious circumstances? Would it not be better to have the power suspended during the period of an election campaign? Would not complaints escalate if it were possible for people to disrupt an opponent's campaign? Indeed, it is difficult to imagine a situation in which the need to search a premises is so great that it would not be a police matter to begin with.

The change under clause 7 that relaxes the political restrictions on membership of the commission is another concern. Currently, people must have had a 10-year period out of politics before they can become a commissioner. That prevents politically active and potentially partisan individuals, such as donors, party members or employees of political parties, from becoming commissioners. I accept the relaxation of political restrictions on the commission's chief executive from 10 to five years out of politics, but I feel that the relaxation for all other commission staff from 10 years to just one year is too extreme. I do not agree that any political member should be allowed to be the chief executive. The commission must be politically savvy, but not at a cost to its independence or credibility. Under the current proposals, it is not unfeasible that someone such as the former Prime Minister, Mr. Blair, could become a commissioner in a year and a day. Does the Lord Chancellor not agree that a period of at least one Parliament, or five years, out of politics is needed for all commission staff, to minimise the possibility of current politicians being investigated by their contemporary rivals – or indeed friends?

One issue that is not covered in the Bill but requires serious consideration is the existence of multi-seat electoral divisions and how such boundaries are drawn up. In my constituency, Isle of Wight, 40 seats will be contested at the next county council elections. Among those, there are 38 single-seat electoral divisions and the solitary, and in my view anomalous, two-seat electoral division of Bembridge, Brading and St. Helens. Single-seat divisions enjoy the clear accountability afforded by a single elected member, but an unusual two-seat electoral division is more problematic.

Whether a given geographical area has two single-seat divisions or one double-seat division can affect the outcome of an election. For example, in the case of two single-seat divisions, the Conservative party might win one with a large majority and the Labour party the other with a small majority. That is perfectly reasonable, because there will be two clear winners of the seats, one Conservative and one Labour. In a two-seat division covering the same area, with the same votes cast, the Conservative party would win both seats. My concern is that the drawing up of such boundaries could inadvertently lead to a less representative outcome for the voters. At least, it would be inadvertent on the part of the Boundary Commission; it could be a very advertent action by those who propose a multi-member constituency. That is an unacceptable state of affairs, and the matter should be investigated carefully.

I agree that current legislation is imperfect and that changes must be made. The public must be shown that the electoral process, from funding to polling, is transparent and fair. I hope that the whole House will agree that we must be careful not to damage the current system or undermine the Electoral Commission's position with the very Bill that is designed to increase efficiency.

8.43 pm

Tony Lloyd (Manchester, Central) (Lab): I commend the final comments of the hon. Member for Isle of Wight (Mr. Turner) that the electoral system must be seen to be transparent and fair. One of the realities behind the Bill is that that is not accepted as being the case. Each one of us, as a serving politician, has a duty to engage in dialogue to try to ensure that we deliver to the people of this country a political system in which they can have confidence.

I agree with my hon. Friend the Member for Slough (Fiona Mactaggart) that, paradoxically, even though there are things for us to consider, many people of all parties, including some whom I have known for many years, engage in party politics because they regard the political system as part of their public duty. We ought to point out that many of those people have credibility and integrity of the highest order. However, that gives us all the more reason to ensure that we have robust laws that crack down on the concerns that lead to suspicion that the political system is not as it should be.

I shall start by mentioning certain aspects of the Bill that, although they may be non-controversial, I hope can be improved as it makes its way through its various stages. There is common agreement that the Electoral Commission needs improving. Most of us have been unhappy with its work, and I certainly welcome the fact that we are relaxing the limitations on those who can actively serve on it. We probably also need to consider the £200 spending limit that appears in the Bill, because there is concern in all parties that that does not reflect reality and will be an impediment not to those who wish to transgress spending rules but to those who are engaged in proper and acceptable politics.

I hope that my hon. Friend the Minister will take account of the concerns that have been raised about the concept of entry-and-search powers. I agree with the hon. Member for Isle of Wight that if things are so serious that entry and search are necessary, it probably ought to be the police who perform that function rather than the Electoral Commission. I do not wish to trivialise the matter, but there is something Monty Pythonesque, Spanish inquisition style, about the Electoral Commission

[Tony Lloyd]

entering somebody's home. It ought not to happen to people engaged in the proper activity of party politics at local or any other level.

I wish to say a few words about the trigger. I am astonished that the Liberal Democrats seem to have switched their position on it entirely. It seems to me to be a rare occasion when their principles and expediency are pulling them in the wrong direction. Both principle and expediency ought to lie on the side of having the trigger, so they should consider carefully why they have come to their conclusions about it.

I should like an even stronger trigger, and the concept of introducing a local trigger is important. As my hon. Friend the Member for Battersea (Martin Linton) said, there should be no ambiguity about the debate that occurred some years ago in the House of Lords. It was entirely about the giving of reassurances that the trigger would remain in operation. That was the only reason why Lord Mackay, speaking on behalf of the Conservative party, withdrew his amendment. Opposition Members need only reread that debate to realise how central that was.

I am not normally in the habit of wishing to say unkind things about other hon. Members' speeches, but the justification that the right hon. Member for Horsham (Mr. Maude) gave in opposition to the trigger was astonishing. He said that there were many reasons for opposing it, but I think that he gave one. When the case of my erstwhile colleague Fiona Jones came to court, the difficulty was in drawing a legal distinction between what was within and without the rules, because of the narrow nature of the trigger at the time. I would prefer to see proper whole-Parliament spending limits locally. I say to my hon. Friend the Member for Battersea that I would like it to be separate at national level, as there is an important distinction between the two. Nevertheless, whole-Parliament spending limits make an awful lot of sense. The right hon. Member for Horsham gave no proper reason why the Conservative party opposes them, other than expediency.

Martin Linton: The point about having a single limit on both national and local spending, as in Canada, is that the national limit—£20 million in this case—would be divided between each constituency and act as a constituency limit as well. That would prevent people from finding any loopholes by juggling money from one limit to the other.

Tony Lloyd: I understand that point, but in this Bill we will probably not be engaged in fine-tuning it, so perhaps it is for another occasion. We disagree on it, but we can return to it privately. The important point is that among the limited number of justifications given by the right hon. Member for Horsham and by one or two of his Conservative colleagues was the suggestion that by reintroducing the trigger we are being unfair to candidates. Electoral law and electoral practice are not about candidates; they are about the integrity of the electoral system and being fair to the electorate.

That touches on the nature of where our political system is going. A short debate took place earlier about the arms race. Hayden Phillips's report "Strengthening Democracy: Fair and Sustainable Funding of Political Parties" states:

> "PPERA sought to control the level of spending, but it has proved inadequate to the challenge. Parties may be complying with the letter of the law, but not the spirit."

There is no doubt that a political arms race takes place in every electoral cycle, and it matters not whether the absolute volumes increase election by election—the constant trend has been upwards.

Mr. Tyrie: The hon. Gentleman has correctly quoted from Sir Hayden Phillips's report. I participated throughout these negotiations, and can tell him that Sir Hayden commissioned a paper on the arms race that drew pretty much the same conclusions as the Pinto-Duschinsky work and that Conservative Members have asked for it to be published. That work was commissioned after Sir Hayden's first report had been published, and I am reasonably confident that he would not have come to the same conclusions had it already been before him.

Tony Lloyd: I have heard the hon. Gentleman make that point before, but he is wrong on two grounds. First, it is a question not only of whether there is an absolute increase in the volume of spending, electoral cycle over electoral cycle; it is also about what takes place within the electoral cycle. We have seen a number of consequences in how we fund party politics, one of which is that we bunch the spending into the last dash for growth at national level, and that, in itself, is not necessarily a healthy part of the democratic process. Secondly, there has been a consequence at local level: a massive concentration of intense spending. In some constituencies, candidates are outspending their opponents by factors of eight to one. That might be a matter of party difference, but anyone who examines this matter objectively can see that it is not healthy for the body politic.

The arms race exists at national level between the parties over different parts of the electoral cycle and it is intense at local level. Increasingly, our elections are no longer about democratic choice among the whole population; things are concentrated on those who live in the marginal seats deemed to influence elections. My hon. Friend the Member for Battersea mentioned Lord Ashcroft's claim that 25 of the 33 seats that changed hands were among the 41 on which he spent money, and that shows, as he himself concluded, that money perhaps begins to talk. That is a dangerous and unhealthy trend.

I wish to spend a few moments discussing that kind of spending. The American experience tells us that the correlation between high spending levels and campaigning is that high levels of spending are increasingly associated with negative campaigning; it is not about the positive establishment and advocacy of ideas, values and policies, but about doing down the other—that applies at local level in particular. Local campaigning is in grave danger of being turned entirely into that form of negative campaigning, and that would be a disaster for our political process.

All hon. Members ought to take that point seriously and question where we are going. The plethora of funding structures that make that situation possible might be advantageous for individuals—I am in a happy position, because neither Lord Ashcroft nor the golfing associations would be interested in my seat and that perhaps gives me a sense of relaxation personally—but constituents, including mine, are entitled to dynamic politics fought by all political parties at local level. I do

not take for granted constituents who are not in those marginal seats; nor should anybody else, including my party.

Adam Afriyie: I have been listening carefully to the hon. Gentleman's remarks, and he is developing the interesting theme that the level of money may make a clear difference to the outcome. Will he also comment on the amount of money paid to his party candidates by the trade unions, because in many cases it is higher than the donations that he has mentioned? Secondly, where does the communications allowance figure in his deliberations? It provides a considerable sum over a four or five-year Parliament that would appear to aid the incumbent.

Tony Lloyd: Let us put this matter into context. I am told that in some constituencies Conservative candidates are spending in the order of £50,000 or more a year on local campaigns.

Adam Afriyie: And Labour candidates.

Tony Lloyd: I would love to be able to tell the hon. Gentleman that the rich trade union members provide such sums—I have been a lifelong trade unionist, and I am proud of my associations with the trade unions, particularly the Labour-affiliated ones—but that dwarfs anything that the trade unions put into any constituency by enormous volumes. There is no comparison in the figures involved.

On the communications allowance, the hon. Gentleman need only do the mathematics to work things out. Conservative Members also benefit from the communications allowance, but it has a very different structure. The fundamental difference is that as long as hon. Members on both sides are confined to using the rules of this House, the communications allowance is restricted to that communication in which any Member of Parliament can engage as a Member of this House without reference to party politics. That is not the same thing as the constant drive of party politics that is being fed through things such as the golfing associations, the Ashcroft moneys and the unincorporated associations from which Conservative Members obtain such benefit.

We perhaps also need to address another difference, which poses a real challenge to every Conservative Member. Anybody can look at the accounts of my constituency party or that of any Labour Member to see exactly what money went in and from what source, be that trade unions or otherwise. I talked to the general secretary of the Labour party tonight, and he told me that the Labour party must ensure that it is seen to honour both the letter and the spirit of this legislation. What is not clear is whether Conservative Members want to honour that same letter or that same spirit.

Conservative Members will know, as I do, of the allegations made in "Dispatches" and in *The Sunday Times* that the route from Stargate Holdings, a Belizean company, through to Bearwood Corporate Services Ltd has been used to channel moneys into our political system to work outside the impact of our legal framework. That raises questions that ought to be answered by the Electoral Commission, by those who investigate such allegations of unacceptable activity and by the Conservative party if it is genuine in wanting to operate within the spirit and the letter of the law. This is not just about beggar-thy-neighbour politics; it is about genuinely wanting to offer the British public clean and transparent politics.

I am aware that other hon. Members wish to speak, but I wish to make some further points. Real questions remain as to whether Lord Ashcroft is a registered elector in this country. He has said that he was a major donor to the Conservative party when the Political Parties, Elections and Referendums Act 2000 was in operation, and questions remain as to whether he was a permissible donor and whether the Conservative party's stewardship was such as to ensure that the moneys going into the party were proper and acceptable. Those questions must be answered.

I have met and worked with many Conservatives, both when I was a local councillor and even here in Parliament. They are people of the utmost integrity, and I would never wish to suggest that being a member of the Conservative party, of itself, is anything other than being about the highest sense of public service and duty. When these allegations are made about our own parties—my party has had to face such allegations in the past—each of us must see whether the activities are consistent with proper and decent transparent politics. On that basis, I would say to this House that there is a long way to go.

7.59 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the hon. Member for Manchester, Central (Tony Lloyd), who made a thoughtful speech, and I agreed with what he said at the beginning about regulation and the powers of entry. However, I am afraid that I did not agree with him on clause 10 and the trigger mechanism. The Secretary of State for Justice can normally be relied on to make a robust defence of whatever proposition he is putting to the House, but when he reached clause 10 in his speech today he was extraordinarily defensive, with an over-reliance on an Opposition amendment tabled 10 years ago in the other place. Any objective listener to the debate will have found the counter-arguments, put first by my right hon. Friend the Member for Horsham (Mr. Maude), very powerful. He holed clause 10 below the waterline. Before the smoke had settled, there came another torpedo from the hon. Member for Cambridge (David Howarth), headed the same way. I shall be amazed if clause 10 survives its passage through both Houses in the form in which it is currently drafted.

My right hon. Friend put on the table a genuine offer that would deal with the Lord Ashcroft issue. We would be happy to discuss a cap on donations of £50,000. If the hon. Member for Manchester, Central and his colleagues are worried, that is an offer that should be pursued, because it would address some of their concerns.

I agree with the Secretary of State that the regime introduced by the 2000 Act has, on the whole, worked fairly well, setting up the Electoral Commission and introducing controls on parties and elections. However, since its introduction, a range of committees has considered it—the Hayden Phillips committee, the Constitutional Affairs Committee, the Committee on Standards in Public Life and, of course, the Electoral Commission itself. The time has come to make some running repairs to the 2000 Act. Some of the recommendations from those bodies are included in the Bill, but some are not.

[Sir George Young]

I begin with a word of warning about the Government's approach to matters dealing with elections. Party advantage has not always been erased from their mind. When the original legislation went through, I was my party's spokesman on these matters and I recall that one key recommendation of the Neill Committee was not in the Bill: the principle of match funding to encourage party membership. The absence of that recommendation caused the Government much difficulty with the Bill in the other place. Since then, that recommendation has been repeated by several bodies. At the time, its omission was seen as partisan because it would have benefited the Conservative party. The alibi that that was unaffordable was destroyed by the Government's subsequent munificence in almost every field of public expenditure. I mention that in the context of today's debate because the Government have form in seeking to tweak electoral legislation for party advantage, and we need to be clear to prevent it from happening with this Bill. My right hon. Friend put down some markers in that respect, and I am sure that the other place is on red alert.

I wish to speak briefly on two issues, the first of which relates to clause 5 and putting politicians on the Electoral Commission. The commission has made it clear that it does not like that suggestion. It has said:

"We are deeply concerned that public confidence in the Commission's independence would be undermined as a result of the Government's proposals."

That is seriously overplaying its hand. If four of the 10 commissioners were put forward by the leaders of the political parties, it would enhance the credibility and effectiveness of the commission, rather than contaminate its independence. I have met many of the commissioners, and they did not strike me as people who would be walked over by politicians and of course they would remain a majority. Nor is it the case that politicians are always partisan. Anyone who has been a Minister or a Chairman of a Select Committee will realise that politicians are perfectly able to switch to neutral mode. If I may say so, Madam Deputy Speaker, the Deputy Speakers are good examples of that. They are elected with a party hat, but they serve the House impartially and neutrally.

The Committee on Standards in Public Life has representatives of the political parties, and I have seen no evidence that people think it less independent because there are two MPs on it. My Committee has powers to make recommendations, and although it is composed solely of party politicians coming from four different parties, I do not believe that that has compromised its effectiveness or credibility. So I believe that the anxieties expressed by the commission on that score are misguided.

My second point relates to clauses 2 and 3, coupled with schedule 1. I apologise to the hon. Member for Cambridge, because this is an internal matter for the House. The clauses will extend the investigative powers of the commission considerably, and Members of Parliament will be subject to the new provisions. This part of the Bill is relevant to the ongoing debate about how best to resolve the current requirement on colleagues to register certain interests both with the Registrar of Members' Interests here and with the Electoral Commission. How do the proposals to extend the investigatory powers of the commission and their application to MPs fit the provisions of section 59 of the Electoral Administration Act 2006, which has not yet been brought into effect?

When the 2000 Act was introduced, nobody spotted that it introduced two parallel reporting regimes for MPs, and that has caused much confusion. Colleagues who have registered their interests on the register here and whose entries are accessible online are now getting letters in some cases from the Electoral Commission saying that they have committed a criminal offence because they have not also registered the identical item with it. That is absurd, but it is what the law currently requires. That is why the House, after full consultation with the Electoral Commission, passed section 59 of the Electoral Administration Act 2006 which, in a nutshell, would introduce a one-stop shop for MPs in respect of the vast majority of what are called "permissible donations". We would register our interests here, and the commission would get the information it required for its registers from us, streamlining and simplifying the process without compromising on transparency.

Section 59 cannot be enacted without a commencement order laid by the Secretary of State. There is real pressure from both sides of the House to get on with this. The issue is central to assessing the impact that the proposals in the Bill will have on hon. Members, and other holders of "relevant elective office". In practice, once section 59 is commenced, MPs will remain subject to the overall legislation on donations, but would be relieved of the personal obligation to report each recordable donation we receive to the Electoral Commission as well as the register. Consequently, we will no longer be at risk of committing the criminal offences that can arise from a failure to comply in full with the statutory requirements. As such donations make up the overwhelming bulk of donations that Members report to the commission, the decision on commencement is of considerable significance when looking at the potential impact of this Bill on the House.

So, what is the Government's policy on commencement of section 59, which they put on the statute book two years ago? The Secretary of State wrote to me in August, saying:

"It might be considered that there is an inconsistency between the measures...to strengthen the Commission's powers and sanctions...and the removal of MPs from the investigatory and sanctioning powers of the Commission. I am concerned that commencement of section 59 could therefore prove difficult for the reputation of the House, particularly when viewed in the context of the reforms to the Electoral Commission which the PPE Bill proposes."

That implies that the Government may now have set their face against bringing this provision into force. What the House needs today from the Minister is a clear commitment on whether the Government still support the commencement of section 59 and, if so, on what time scale. As he will know, the Standards and Privileges Committee is working towards creating a registration structure that is consistent with achieving that, and gave a commitment in our 13th report to the House before the summer recess that it would aim to make firm proposals shortly after the summer recess.

If the Minister gives a clear commitment to the commencement of section 59, I can tell the House that it should be possible, subject to the Government's finding time, to complete the steps necessary to clear the way

for commencement well before this Bill receives Royal Assent. There is widespread support across the House for an end to dual reporting of donations. Commencement of section 59, the inclusion of which in the 2006 Act all parties supported, as did the Electoral Commission, would achieve that for 99 per cent. of donations. I invite the Government today to confirm their commitment to taking that step.

If the Government are unwilling now to commence section 59, I hope that the Minister will tell the House why, and what alternative plans he has for ending the thoroughly unpopular requirement for dual reporting. If legislation is needed to deliver an alternative approach, the Bill provides the appropriate vehicle. On a more consensual note, I am happy to discuss these matters further with the Secretary of State and the Electoral Commission, but they will need to be taken forward urgently if the opportunity to change a system that many hon. Members find unacceptable is not to be lost.

8.9 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): It is both a pleasure and a problem to follow the right hon. Member for North-West Hampshire (Sir George Young). It is a pleasure because I substantially agree with many of the things he had to say and the thoughtful way in which he said them, and a problem because it is clear that I shall now have to exempt him from some of the remarks that I might make about the likeness to a certain mint sweet, sold in tins in the House of Commons shop, that appears to have pervaded certain parts of the debate this evening.

The word "consensus" has been used quite freely in the debate. It is true that the efforts of Sir Hayden Phillips, who had to deal with a problematic initial brief in his inquiry, and of the Constitutional Affairs Committee produced an output that moved substantially towards the possibility of consensus on the wider issue of what we are doing here, as far as our political practice is concerned, and how that needs to be validated in the public eye in the long term. It seems to me that that is what most of the debate is about.

People will have different versions of what is the most important part of that issue. One of the most important parts of validating what we are doing here starts with the Jeremy Bentham dictum that all should count for one and none should count for more than one. If someone is not registered to vote, for whatever reason, or has disappeared off the electoral register, they do not count for one. Alternatively, if large sums of money flood into a contest where everybody would otherwise count for one, distorting their ability to count for one, people will not count for one in the same way. Consensus would have to take account of the real world and what happened in elections.

The consensus achieved by, among other things, the report of the Constitutional Affairs Committee took account of the differences in political parties' histories and how those differences come into the political system today. The recommendation on the subject of trade union affiliations and the relationship between trade unions and the Labour party, which we have already discussed this evening, stated:

> "Any move to change the nature of party funding must not stray into prescriptive devices to require political parties to organise internally in ways that violate their democratic relationships with other institutions."

I felt that that was a good formulation of where parties have come from, as far as their political backgrounds are concerned. Our political system has never been perfect. We have never had a moment in our history when we could write the entire political system anew and hope that it would work according to the ideal principles that we proposed.

Any idea of how better to regulate the system has to come from where we are and where we are going, and any consensus must take that into account. I am concerned about the extent to which "consensus" has, in this evening's debate, begun to be interpreted as "veto". Those two words are very different. When engaging in a partisan debate, people will of course conclude that their position of expediency has more principle attached to it than an outside observer might accept was the case.

It is generally accepted that the difference between the near consensus in the discussion on party funding several years ago and the recent position relates, to some extent, to the fact that the Conservative party, in particular, when it was worrying about its position on funding, had a warmer view of consensus on including donations and a whole-term cap on party expenditure. I personally think that that would be an important part of the process of allowing the public to see that what we are doing makes full sense, as far as their participation in elections is concerned.

As the political funding atmosphere changed, a number of people in the Conservative party began to feel much more lukewarm about the idea that such a compromise might be a good thing in achieving consensus. This is where the mint sweets in the shop come in to it—that move towards a veto has been dressed up as high principle. The Conservative party withdrew from the talks because, in my view, in the end it felt that it was more to its advantage to be out of them than to be in them. In those circumstances, short-term consensus is very difficult to achieve.

What does one do in such circumstances? Do we simply say that because there is no consensus we should do nothing? Do we say, "Let's do what it is possible for us to do in circumstances where there is no full consensus, but we can reasonably argue for a number of things without its being in a spirit of over-partisanship, although obviously all contributions will be seen as to some extent partisan. Let's see what we can do to move towards a better version of how the system works"?

What disappoints me about the Liberal Democrats' position is that they appear to be repudiating such an idea and saying that unless the full consensus and the ideal outcome can be achieved, nothing should be considered at the moment. I can understand how that position arises, but, bearing in mind the description I have given of how we have moved away from consensus in recent years, we are nowhere near reaching a perfect outcome. Should we therefore say that nothing will happen in the meantime, until such an outcome is achieved? I am afraid that that, for much less honourable reasons, appears to be the position of those on the Conservative Front Bench.

Sir Alan Beith: I think the hon. Gentleman misunderstands the position of my hon. Friend the Member for Cambridge (David Howarth). The hon. Gentleman played a valuable and crucial role in achieving consensus. The point that my hon. Friend and I were

[Sir Alan Beith]

trying to make to the Lord Chancellor was that there was consensus. A document was produced by members of three parties, which was then developed by an independent referee, and so the Lord Chancellor could not be faulted if he persisted in carrying the recommendation forward even though one party had since resiled from it.

Dr. Whitehead: The right hon. Gentleman makes a strong point in one sense, inasmuch as it would be technically possible for the Lord Chancellor to introduce such legislation, but I think he will understand that in those circumstances the chances of its getting anywhere at all in the House would be remote. We must continue to pay attention to what is practically possible right now. What we do in the current circumstances will be under the magnifying glass of whether partisan advantage is being obtained by one side or the other. That seems to be at the heart of this discussion.

Martin Linton: Can my hon. Friend tell the House whether he would have any sympathy for Liberal Democrat candidates who are blown out of the water at the next election by Ashcroft money as a result of their party's refusal to support the Bill in this place or in the House of Lords?

Dr. Whitehead: As one of the longest failed key seat Labour candidates in the south of England, I have always had sympathy for people who are blown out by opponents, and I have particular sympathy for those blown out by opponents who appear to be able to spend their way to victory rather than winning entirely by the force of debate and discussion during the election. One of the things we need to consider is what might be done both in theory over a long period and practically over a much shorter period, so that elections are fought on the basis of better arrangements for what the public want, with debate between the candidates on the issues so that people can use their vote in the best way possible, rather than on more abstract principles about the overall fairness of the system in the longer term. Consequently, the Bill's provisions largely pass the test of what it is reasonable to do in a not over-partisan way in existing circumstances.

The appointment of political commissioners to the Electoral Commission is important, and the right hon. Member for North-West Hampshire made the strong point that the Committee on Standards in Public Life had no problem with the presence on the commission of members who are active politicians, not just recent politicians. As we can see in the Committee on Standards and Privileges and other Select Committees, Members are not always partisan. The idea that we would always be partisan eventually betrays us to the argument of anti-politics—that we are all rogues in this House and that the parties contesting elections are rogues, so it is in the public interest to be protected against all of us. I do not accept that and I think the Electoral Commission would be immensely strengthened by the addition of political commissioners.

There has been substantial discussion of triggering. We appear to have had something of an Aquinean discussion on the extent to which the original debate on the Political Parties, Elections and Referendums Bill in the House of Lords was based on a mistake, consensus or withdrawn amendments. I prefer to put the question whether we have a perfect outcome in a slightly different mode. My hon. Friend the Member for Battersea referred to an election in 1881—

Martin Linton: 1880.

Dr. Whitehead: I apologise; 1880 was the year of the general election. I was thinking of the by-election. In the 1895 election in Southampton—my city—the Conservative candidate, Sir Tankerville Chamberlayne, arranged for a horse and cart to be deposited outside the Cowherds public house, which is at the top of the city. The cart was unhorsed and six strong men pulled it down Above Bar to the party headquarters, with Sir Tankerville standing in the back throwing out sovereigns as they went. Quite reasonably, that behaviour was reported to an election commission and he was unseated.

The point of the story is that what appears, by suggestion, to be tolerated now is that the metaphorical throwing out of sovereigns in a modern context is okay until the day the election is called, but then it is not okay. Even the argument that candidates should spend money they have legitimately raised for themselves would stand objective examination only if one did not agree that there should be restraints on electoral expenditure during elections anyway.

As I understand it, we all agree that there should be constraints on election expenditure locally during elections. In terms of the real electoral arms race, we all know that, increasingly, certain people will try to squeeze in as much expenditure as possible in the three, four or five months before the period in which election expenditure is capped, to get around the rule. In the absence of a wholesale consensus on how we cap electoral expenditure between elections, we might consider a trigger mechanism. Indeed, as the hon. Member for Gosport (Sir Peter Viggers) said, we should provide the best possible definition of that trigger, so that some of the vagaries that beset the legislation that was in place before 2000 are done away with. Nevertheless, we should have a mechanism that provides a much more straightforward and logical approach to electoral expenditure.

As for the Electoral Commission's powers to invade one's bedroom, suggested in proposed new schedule 19 to the 2000 Act, which follows clause 12, I hope that that issue will be considered carefully in Committee. There is indeed a logical disjunction between the Electoral Commission's power to deliver a rap on the knuckles and its power to refer someone to the police. It is logical and clear that there should be a staging point in between. It is up to Members in Committee, to make sure that the staging point is reasonable, not unreasonable, and that it does not take us beyond the reality, which is that political parties are voluntary organisations that overwhelmingly have the best interests of the public at heart in their activities.

I now come to the regulation of unincorporated bodies and the reporting of donations over a certain size from those bodies. I find the opposition to that proposal rather comical. It is plain that in a properly transparent system, the idea that money could be funnelled into a local campaign through certain unincorporated bodies, whether outside or inside the country, offends against the argument on giving money in the period

immediately outside the restricted period of an election. It also offends against the principle to which, as I understand it, we all signed up when we talked about the fact that campaign money should be transparent and its origins fairly straightforward.

Obviously, there is the issue of what the unincorporated body in question is doing. With an unincorporated body such as the Berkshire Supper Club, for example, one might think, "It's in Berkshire, and people have suppers there and donate money as a result; that seems fairly straightforward." If an organisation is called the East Surrey Business Club, I guess it would involve business people in Surrey making donations to bodies in Surrey. Similarly, a person might think that the Midlands Industrial Council was a body dealing with industrialists who work in the midlands. Well, they would be wrong. They would find that associations up and down the country, nowhere near the midlands, have benefited from donations from that organisation, and we do not know what the arrangements are. As to whether the body is industrial, we are not sure. If we are to deal with transparency, it is important that it should be proper transparency; there should not be transparency only for some.

Counter-arguments against some measures in the Bill were put forward: it was said that the communications allowance meant that incumbents effectively got a great addition to their campaigning power, whereas their opponents did not. A great deal of effort has been made by the House authorities—the House of Commons Standards and Privileges Committee among them—to ensure that the communications allowance is used for communications purposes and not party political purposes. Indeed, a corpus of case law, as we might call it, is being developed that, say, sets out the acceptable ways in which a Member of Parliament can deliver a newsletter, or what one can and cannot address one's constituents about and so on. That ensures that the communications allowance is not used for political campaigning.

Adam Afriyie: It is surely undeniable that a communication sent directly to constituents from an incumbent MP, showing their smiling face and describing the work that they are doing in Parliament, must give some sort of advantage. Does the hon. Gentleman agree that that should be incorporated in the cap that he is talking about?

Dr. Whitehead: The hon. Gentleman might have a point if no restrictions on the communications allowance existed. In the world of modern political communications there have been substantial differences in what the public expects from their MP and what they expect to receive from their MP. For example, a predecessor of mine many years ago in Southampton, Test remarked on one occasion that he received 29 or 30 letters a week and he could respond to all of them by hand. That is far from the case today, in a world of e-mails, letters and other forms of communication. It is important that we have them, but it is also important to delimit their content.

I agree with the hon. Gentleman that if the communication showing the smiley face of the MP is an attempt to get party political matter over by means of the communications allowance, that is a problem. That is why there have been rulings about smiley faces of MPs, political logos and various other things that have been sent out in communications. In any event, part of the truth that dare not speak its name is the fact that we already have considerable state funding of political parties, although no one mentions it. We have state funding of the Conservative party to a considerable extent, in the form of Short money. I do not object to that. It is a good leaven for the workings of political parties in this place and elsewhere.

As a rough calculation of the effect of the communications allowance, £10,500 per Member for the Labour party amounts to £3.66 million. For Conservative MPs the figure is £2.06 million, with a further £3.8 million a year in Short money for Conservative MPs. That equates to £19,600 per Conservative MP, rather more than the communications allowance, and of course Conservative MPs get the communications allowance anyway. So where is the inequality, I wonder? The total amounts of money are roughly the same per side.

I say that to try to bring the debate down to a rather less mint sweet-based level. Partisan points can be made on both sides, of course. Instead, we should judge the Bill by what it will do to ensure that the public have a better view of how we conduct our business, how elections are conducted, how valid the results of those elections are, and what confidence people can have about going to vote in the first place. That is the test that we should apply to the Bill.

Martin Linton: Before my hon. Friend runs away with the comparison between the communications allowance and Short money, is he aware that non-incumbent Labour candidates at the last election did 1.4 per cent. better than incumbent candidates? Among the Liberal Democrats, non-incumbent candidates did 2.3 per cent. better. Where does that leave the incumbency factor? It does not exist in this country.

Dr. Whitehead: I had always understood that what was realised after detailed examination of the incumbency factor was that incumbents tended to get a bounce first time around, but that after that the accretion of things that they had done which were not as good as they should have been tended to drag that factor away. The incumbency factor did not follow for elections after that, communications allowance or no communications allowance.

My point was that if we look at the overall picture of where money goes, from the vote of the House to what might conceivably be regarded as political advantage, we see that the figures are pretty even between the majority and minority parties. That should cause us to concentrate on what is in the Bill, which—although I would like to see some amendments in Committee—I think can overwhelmingly pass the test and make the public think that the processes in which we engage in this House and during elections can be more transparent, better conducted and lead to more confidence in the electoral system. I believe that that can happen, and that is why I support the Bill.

8.36 pm

Mr. Andrew Tyrie (Chichester) (Con): I will not go through a clause-by-clause dismemberment of the Bill, because my right hon. Friend the Member for Horsham

[Mr. Andrew Tyrie]

(Mr. Maude) has already done that from the Front Bench in one of the best speeches that I have heard on this subject.

I am tempted to take up the remark made by the hon. Member for Battersea (Martin Linton) about the alleged non-existence of the incumbency factor; he is certainly right that it is much smaller than people think.

Martin Linton: It is in a Library note.

Mr. Tyrie: I am trying to agree with the hon. Gentleman; if he can contain himself for a moment, he will get a measure of support. However, he does not fully realise the implications of his own point. If he thinks that local campaigning, which MPs do a good deal of, has little impact, presumably he must conclude that local campaigning by candidates challenging incumbents also has relatively little impact. There is a huge amount of evidence to suggest that, too. In other words, we may all, Don Quixote-like, be tilting at the wrong issue in worrying so much about the effects of local campaigning.

Furthermore, it is worth pointing out that in the UK there is virtually a blanket prohibition on a key use to which money can be put in this context: access to television. Television has driven the huge increases in expenditure in the United States. On grounds of freedom of speech, the Supreme Court has ruled that there can be no limits to the amount spent on television. The prohibition in this country is the key protection against the alleged huge arms race that has been mentioned, which can never be found in the figures—not in aggregate, at least, and certainly not on the scale alleged by a number of Members this evening.

I should like to address two general, big issues: both have been referred to and one was discussed at length by the hon. Member for Cambridge (David Howarth) in his excellent speech about trust.

As politicians, we have two big challenges. First, we need to restore the electorate's confidence in how we finance our parties, and there is agreement across the House that that is necessary. Secondly, we need to restore their faith in how elections are conducted.

Despite its title, the Bill does little or nothing to address either of those issues. As a number of Members know, I have argued for a decade that there should be fundamental reform of party finances. To his considerable credit, within weeks of becoming Leader of the Opposition in 2005, my right hon. Friend the Member for Witney (Mr. Cameron) came out in strong support of a radical set of proposals, very similar to those put forward by the Liberal Democrats in 2003 and to those put forward by Matt Taylor, then chief strategist for Tony Blair. Equally to his credit, the then Prime Minister, Tony Blair, more or less agreed that that was the way in which we needed to take policy, and he did that in the teeth of yet another huge funding scandal afflicting his party at the time. It was certainly courageous.

Cleaning up this area of politics would require bold and radical steps of that type by both the major parties and by the Liberals. For my party, it would mean completely bringing to an end reliance on big individual donations and ending any hope that big business donations could be restored. For the Labour party, it would require ending dependence on big union donations, either directly or indirectly through affiliation fees. Tony Blair and the leader of my party were both prepared to act boldly on those issues. In order to achieve it, they agreed to create the process that led to the Hayden Phillips process. He was asked specifically to make recommendations on donation caps, but his terms of reference make no mention of spending or spending controls.

One of the many proposals that Hayden made during the course of lengthy discussions—I participated in all of them—would have achieved the key objectives set out by the leaders of the major parties. For the first time, each trade union member would have been given a genuine, individual choice on whether to donate to a political party, and if so, which one.

Affiliation fees were the stumbling block. The Justice Secretary, who is now back in his seat, still blocks the publication of that proposal. It is as though admitting to the unions and to the rest of the labour movement that he even held discussions on such an idea might taint him in some way. I can think of no reason why that proposal of Hayden Phillips should not be published. The nub of it and the reason those talks broke down is that the courage that was being exhibited by Tony Blair appeared to evaporate as the discussions went on, as his power waned, and when he was replaced by the current incumbent. That is why the Conservatives eventually concluded that the talks had become pointless.

The Bill is also silent on the second major area where we must act if we are to restore trust in politics. We need to clean up the malpractices and electoral fraud that have come with the Government's misguided relaxation of postal voter registration, which gave us elections so tainted that a High Court judge was moved to conclude that they

"would disgrace a banana republic".

It should be a relatively straightforward matter to clean this up through individual registration and voter identifiers. The Electoral Commission supports that; as far as I know, all political parties support it. Even the Government have said, and said again today, that they do not disagree in principle. Why on earth are the Government dragging their feet? We have had a lot of discussion about consensus. Consensus on individual registration exists right now. The Justice Secretary hid behind the need—I virtually quote him—for the details to be sorted out, but the Electoral Commission has already done most of that work. I very much hope that the Government will help us by amending the Bill to include individual registration as quickly as possible. I can see no possible explanation for their current inaction other than partisanship.

So much for what is missing from the Bill—what about what is in it? As I said, my right hon. Friend the Member for Horsham did a pretty good job on that. The Government said that they want to go ahead on the basis of consensus. However, as regards triggering rules for the purpose of calculating a candidate's election expenses, they have proposed a major change without any consultation at all. Sir Hayden did not opine on this—he was not even asked to consider it.

What is more, the Government have announced that they want it on the statute book so that it can be operative immediately—in other words, so that it can influence the outcome of the forthcoming general election. In fact, they have said that they even want it to come

into force before the Electoral Commission's guidance is published. That would create an extraordinary state of affairs, whereby people would be required to obey a law, on the content and meat of which they would have no information to guide them.

All that sits rather oddly with the high-minded talk about consensus that we have heard from the Justice Secretary. He backtracked a little on that today, but it should not be lost on any of us that he has tried to railroad this proposal through without any consultation. He originally wanted to make implementation retrospective, to the date of Second Reading—in other words to today, before the Bill had even been in Committee.

I have only a few brief remarks left to make, about one or two other issues that require our attention. Clause 2 sets out the Electoral Commission's investigatory powers. Of course I agree that the commission needs investigatory powers to perform its statutory duties, but the proposals look extremely heavy handed—hon. Members in all parts of the House have made that point in different ways this evening. We cannot possibly implement the proposals in the Bill as drafted, so we must look at them again.

Clause 8 requires political parties to make a written declaration about the original source of any funds over £200. We have had a discussion about that. My right hon. Friend the Member for Horsham has already explained that for practical reasons the Electoral Commission does not support that measure in its current form, and neither do I. I am fully in favour of transparency, but the compliance burden would be huge if the declaration requirement and the verification process were to become meaningful.

That is where the compliance impact assessment is so off beam. It says on page 4 that

"it would take a political party approximately 5 minutes per donation…to process donations…over £200".

Five minutes to verify a donation is no more than a brief phone call or even the time that it would take to find out what number to ring. However, the reputational risk to a political party would be huge if that were not done more thoroughly. That is because—this point has not been explained thoroughly enough this evening—the Bill fundamentally changes the relationship between the Electoral Commission and political parties, by providing civil sanctions and by the increase in investigatory powers.

The real compliance burden on political parties from that £200 trigger would therefore be large. The provisions are not acceptable in their current form. There are a number of solutions, one of which may be to raise the £200 limit. However, we cannot leave any political party as exposed as the Bill currently recommends. I completely agree with the point made earlier that nor can we allow vehicles to be created especially for the purpose of concealment. However, clause 8 is not designed to prevent that.

With respect to the issue of consensus, let me add in passing that neither the Electoral Commission's proposed investigatory powers nor the verification changes were subject to Green Paper consultation. There has been no serious consultation on those issues, still less the establishment of a consensus.

This is a tiny Bill that is designed to deal with major problems, but it does not address them. Even the relatively small measures in the Bill can be described as partisan and ill conceived. I am confident that it will not survive scrutiny in the other place. I hope very much that the Government will have the good sense to withdraw the most controversial measures and to amend the rough edges of a number of the others before they allow it to get there.

8.49 pm

Dr. Tony Wright (Cannock Chase) (Lab): I have learned, over the years, to be extremely suspicious of the word "consensus". Whenever it is used by party politicians in this country, it usually means that they are about to disagree about something. We learn that it is nice to say that we believe in consensus, but I have never seen it endure when serious matters arise. We had an outburst of it recently over the financial crisis. It lasted for about 48 hours. Some countries do consensus; the Nordic countries do consensus, including on party funding. We do not do consensus, however.

We know that we ought to do consensus, which is why we talk about it so often, but we also know that it will break down at the first touch of party advantage. Notwithstanding what the hon. Member for Chichester (Mr. Tyrie) has just said, when the Conservatives thought that there might be some party advantage in triggering the trade union issue, they collapsed the Hayden Phillips talks. That was a great pity. We ought to pay tribute to Sir Hayden Phillips, who, with the Constitutional Affairs Committee, produced an excellent set of proposals that provided the basis for some progress on the issue.

We do consensus only in the most exceptional circumstances. That was the context of the Political Parties, Elections and Referendums Act 2000. We had a newly elected Government with a huge majority. The Opposition were disoriented, unbalanced and on the back foot. They were rather ashamed of themselves, and knew that they had to come on side. In those circumstances, it was relatively easy to get consensus around the 2000 legislation.

In normal times, we think that consensus is a good idea, but we just do not do it. It is rather like an alcoholic who keeps saying that he is attached to the virtues of sobriety. Yes, he knows what he has to say, but somehow he can never quite do it.

We need to take a step back before we take the step forwards. We need to take a step back and remind ourselves of where we have come from. I remember coming into the House in the early 1990s. There were party funding scandals, and they were all about where the Tories were getting their money from. Private organisations had to go to Companies House to try to find out where those great Tory funders came from. Then they did the matching up of the funders and the people getting peerages, and said, "There you are, this shows that these big funders get their pay-off in the House of Lords." But it was a completely covert system.

When the new Committee on Standards in Public Life was established, I remember saying, along with other people in the House at that time, that we should ask it to look into party funding, so that it could help us to sort out some of these issues. The Conservative Government of the day refused to give the issue of party funding to the committee. That shows where we have come from, and where we have now got to.

Looking back at those days, it is worth remembering that party funding was entirely unregulated at that time. Parties were seen essentially as voluntary organisations

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that could do as they liked with their money. They could do as they liked in regard to how they got it and how they spent it. It was only when that seemed to be causing difficulties and embarrassment of the kind that I have just described that the Committee on Standards in Public Life produced the comprehensive report on party funding that led to the 2000 Act. The watchword of that Act—which we thought, at the time, would be the piece of legislation that would deal with this issue once and for all—was "transparency". The problem was identified as one of secrecy, because we did not know where donations came from. We thought that, if we had proper transparency and people could see where donations came from, that would solve the problem. The parties would have to be accountable for what happened after that.

As it turned out, however, that did not solve the problem. There were a number of reasons for that. One was that, when people saw what was happening, they did not like it. Also, the pattern of party funding was changing. Let us look back at what seemed offensive at the time. The Labour party was, on the whole, funded by the trade unions, and the Conservative party was funded by business donations. That looks like an age of lost innocence compared with what we have now, because it was all open and regulated—albeit on its own terms, and if one could find out the information.

Now, of course, it is clear that those sources of donations fell away and we saw the rise of the big individual donor. We reached a position in which parties were increasingly funded by those rich individuals and party effort had to be devoted to going out and finding them. That, of course, raised questions in turn about what those rich individuals were going to get for their money. What would they receive in the way of changes in party or Government policy? What would they get in the way of honours, peerages and rewards? We moved from a position in which it was thought to be enough simply to have transparency to one in which it was thought necessary to address the new funding environment.

As we deal with present circumstances, we should remember at least some of the logic of those former days. The logic was, I believe, this. Let us be sure, it ran, that we identify the problems before we invent the solutions. That may sound trivial, but I hope not. It is possible to get so intricately involved in the nuances of funding regimes that we lose sight of why we are looking into them in the first place. I presume that we are doing it to stop money ruling in politics, to stop politics being driven by financial considerations and to stop certain people being able to buy influence through privileged access and privileged benefits.

Kelvin Hopkins (Luton, North) (Lab): As always, I am listening with great interest to my hon. Friend. He is absolutely right that money must not be able to buy politics or politicians, but his focus on funding avoids what many of us believe is the problem—expenditure. Tight and rigid controls ensuring low expenditure would solve all the problems, provided that those controls were policed. Does he not accept that point?

Dr. Wright: That is consistent with my argument; we do not want our politics to be driven by money, as it would be if we simply had unlimited spending. The whole pressure of our politics would be to do with raising and spending money. That is the logic for having overall spending controls. To return to the Bill, the logic of that argument is that because we now have what is often described as a permanent election campaign—we no longer have a campaign confined to the three weeks or so of the formal election—driven from the centre by the party machines, which spend a great deal of money and deliver it locally where they can, we should control spending not just nationally, but locally, because that is what a permanent election campaign means.

We get into some difficulties here and I want to be as honest as I can about them. It is inevitable in a first-past-the-post electoral system that the parties will concentrate their energies on marginal seats. That is what they do, and their financial energies are also focused on those seats. I want to stop Ashcroft as much as anybody else, because I find it offensive that an individual can, as it were, buy parliamentary seats. The research evidence is very clear that it is effective—*[Interruption.]* The research evidence is absolutely clear on that. I have to tell myself, however, that if Lord Ashcroft and his organisations were not doing this, but a political party was doing the same thing directly, it would of course be entirely logical and rational to spend a large amount of money on a marginal seat. If it is rational for a party to do it, what is the problem with an individual doing it on behalf of a party? That raises difficult issues.

I come back to a point that has surfaced once or twice: this wretched communications allowance. I do not agree with my hon. Friend the Member for Southampton, Test (Dr. Whitehead) on that, and I speak as someone who had grave reservations about the measure when it was proposed. Indeed, I voted against it because I thought that it would come back to haunt us. It is not true to say that the publications we put out are benign and nothing to do with party politics and elections. I am as guilty as anyone else; I am not talking just about other people. We put these things out, paid for by substantial amounts of public money—£40,000 to £50,000 during a Parliament—and we tell people, quite legitimately, that we are working night and day on their behalf, as we probably are. We include a picture with a policeman, a picture with some schoolchildren and a picture with a nurse, and we build up a picture of a person working night and day on our constituents' behalf. The subliminal message being pumped out from every page is, "Vote for me!" Let us at least be honest in this debate. If we have decided that we would like to spend £40,000 or £50,000 in public money over the course of a Parliament to say, "Vote for me", all I would say to colleagues with whom I share the desire to stop Ashcroft is that that makes the argument more difficult than it should be.

Sir Alan Beith: The hon. Gentleman has been rather unfair in his criticisms by lumping in such mundane things as advertising the times and locations of surgeries in local newspapers. That is now a very expensive activity, which one is required to fund through the communications allowance.

Dr. Wright: Indeed. My view is that if we have to have the allowance, it should seriously conform to certain standards with some sort of objective evaluation of what a Member of Parliament has been doing. It might

even contain outrageous details such as whether the Member in question ever did not vote with the party Whip. Those are the kind of things that our constituents would probably like to know.

David Taylor (North-West Leicestershire) (Lab/Co-op): Surely it has to be possible to separate the perfectly proper wish to communicate with constituents about the range of work that is done and the advertising of advice sessions from the subliminal "Vote for me" messages to which my hon. Friend refers. Perhaps these things should be vetted more vigorously.

Dr. Wright: I agree; if we are going to have such an arrangement, it has to conform to standards that are more rigorous than the existing ones. That is part of the quid pro quo, and my hon. Friend is right about that.

However, the essential issue is the reason for wanting to control local financial spending. We have a permanent election campaign now, which has direct implications for spending at a local level, and it is right that we want to control that, just as we want to control national spending. I was interested in the speech of the right hon. Member for Horsham (Mr. Maude) because, as I understood it, he said that although he did not like the return to the trigger mechanism—I had some sympathy with him on that because none of us found it satisfactory—he accepted that there was a case for some sort of control on local spending. That was confusing: he said he was not persuaded that there was a need for any kind of cap on spending, but went on to describe the kind of cap that he might support, referring to the number of months for which it might apply. In the spirit of the consensus that we do not usually do here, there is room for movement there, because in a sense there is a shared objective. There is an agreement about the need to constrain spending at a local level if we can agree on the mechanism. If I can agree that there are deficiencies in the operation of the trigger mechanism as it used to be, perhaps he could agree on finding a more effective mechanism to achieve the same objective.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I have been following my hon. Friend's speech closely, and I agree with a great deal of it, but does he not risk becoming diverted on the issue of the communications allowance? He says that it amounts to £50,000 or £60,000 in a full Parliament. A rich donor—a very rich donor—to a political party could contribute £1 million over that period and think nothing of it. Has my hon. Friend taken account of a more serious threat to our democracy? An individual as rich as the one whom he has named could change the whole nature of one of our great political parties by being in charge of the selection process, and being able to pick and choose between pro-Europeans and anti-Europeans and between the right wing and the left wing of the party. Such an individual could end a whole tradition—the tradition of Members speaking on behalf of the Conservative party. Is that not more dangerous and undermining of our democracy than anything involved in the communications allowance?

Dr. Wright: I think that it would be extremely dangerous for rich individuals to dictate our political life, and wherever that appears, it ought to be dealt with. It must, however, be dealt with in the context of a broad approach. We cannot single out individuals whom we do not like; we can take action only if we have found a principle on which we can base it. I believe that the principle in favour of constraining spending is that we do not want our politics to be driven by money. We want broad comparability between parties when they fight elections. That, after all, is why the regulations on campaign spending were introduced at the end of the 19th century. It is a consistent and traditional principle.

What worries me is the disproportionality of the arrangements for the Electoral Commission if we get it wrong. I think everyone agrees that the commission has been in a sort of limbo—that it is, in a sense, both too weak and too powerful. It must be given a clear focus and clear enforcement powers, and at least the Bill will do that. The worry is that it may not pass the test of proportionality that we apply to regulators. Locally, we are dealing essentially with volunteers, who are liable to make mistakes but who are not criminals.

Let us think for a moment about the series of so-called funding scandals that devour so much media attention nowadays. No doubt some of them are examples of not keeping the books properly or not being on top of the game, or of some kind of mismanagement of companies' offices or affairs. While all those failings are reprehensible, it is simply not true that they are examples of serial corruption in our public life. My worry is that if we establish a regime that makes it much more likely that ordinary party workers around the country will be fingered in a serious way because they have slipped up in some accounting arrangement which, in turn, will feed all kinds of media hysteria about yet another funding scandal, far from helping our political life, which is what the hon. Member for Cambridge (David Howarth) was talking about, we will do huge damage to it.

Mr. Jeremy Browne (Taunton) (LD): I rise only to support the point that the hon. Gentleman is making. We all know that the hardest position to fill on the constituency party executive is that of treasurer, because people are apprehensive about taking responsibility for the money. By and large, they are well-meaning people dealing with quite small sums. We must be very careful not to frame rules, driven by a media agenda, which deter the very few people who are willing to put their names forward in the first place from assuming such responsibilities.

Dr. Wright: I agree, and I would go further. This relates to what I was saying earlier. In many respects we are in a much better position than in the 1990s, when there was no openness of a formal kind, no transparency and no regulation of political parties. Ten years on, we have vastly more compulsory transparency along with intricate regulation of political parties, yet the reputation of politics, far from being enhanced, has been diminished.

I am still on the side of those who want to ensure that we get this right. I simply sound a warning, as have others. We must constantly bear in mind the problem that we are trying to deal with, and ensure that any solution addresses that problem rather than seeking, for its own sake, to refine ever more the regulations that we have put in place. Otherwise the only effect will be that more people—little people, volunteer people—will inadvertently be caught, with the effect that the reputation of our public life, relayed through the newspapers, will

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diminish even further. The argument is, therefore, for as much simplicity and proportionality as we can get while remembering to match solution to problem.

Mr. Sheerman: I am enjoying my hon. Friend's speech, but I am still waiting for him to tell the House how he would improve the Bill in Committee. How might it meet his high standards?

Dr. Wright: That is a fair question. The Bill has two essential elements. One is to give far more focus to the Electoral Commission. That is the right thing to do; everyone has rightly said that that is needed. I am inserting in the margin, as it were, the point that in doing that we should not forget the principle of proportionality, and that we will need to attend to it as the Bill progresses. However, the points about the need for more focus and better powers and enforcement are essentially correct.

The Bill is also essentially correct in wanting to put people with recent political experience on the Electoral Commission. That would be an outrageous suggestion if anybody thought that the politicians were going to run the thing, but they are not. As the right hon. Member for North-West Hampshire (Sir George Young) said, the arrangement works perfectly well in many other bodies. It works in the Committee on Standards in Public Life, in our own Committees in this place and in the Advisory Committee on Business Appointments, and the idea of a regulatory body not including in its membership representatives of the world that is represented would be seen as bizarre and eccentric in any other regulatory realm. Therefore, I think the Electoral Commission is quite wrong to object to this proposition. It would help to remedy in part the problem that the commission has been seen to have by those engaged in politics: that it does not understand this world. It is a very good idea to put people with political experience, although not direct, active and contemporary political experience, on to the commission. That element of the Bill is to be welcomed, and the Electoral Commission is wrong on this matter.

The Bill also addresses the control of local party spending, on which I have made my views clear. There is a case in principle for seeking to exert a continuous control on local political spending for the reasons I have described, which are the same reasons we now apply to national spending. My reservation is simply about which is the best technical way to do that. I am not sure whether the suggestion that we should reintroduce the trigger mechanism is right, because we all know that that came with difficulties—it was a source of much confusion. I was quite heartened by the comment of right hon. Member for Horsham on behalf of the Opposition that he thought he could get around to agreeing to a proposal that would achieve the same objective. I hope that he can do so, and despite what I said about consensus earlier, I hope we might even reach some consensus.

The Bill is clearly not the last word on this issue. The right hon. Member for North-West Hampshire talked about it as running repairs. I think that is the case, but I also think we can justify each element of those repairs, and it is our job to make sure that we get these measures into as good a shape as possible.

9.14 pm

Dr. Julian Lewis (New Forest, East) (Con): I am quite happy to have had to wait rather a long time to make what is rather a short speech, because otherwise I might have missed the contributions of some of the late entrants, such as that of the hon. Member for Cannock Chase (Dr. Wright) who has just put on a bravura 24-minute performance. That was particularly striking given that I do not think he had intended to make a speech at all until he was spoken to by his Whip. I realise how much I yet have to learn about the workings of this place, but I congratulate him on that effort.

There have been a considerable number of noises about consensus, followed up by a considerable number of highly partisan speeches. In contrast, throughout the debate I have been making a considerable number of highly partisan heckles and interventions, but I shall now make what I hope will be a highly consensual speech. It is about nothing that anyone else has discussed, because it is not about something that is in the Bill but about something that I hope might be put into it. It follows on from discussions that I have had with various Ministers, shadow Ministers and the Electoral Commission, and from a campaign earlier this year.

As we are all aware, on 16 May three judges, in their wisdom, ruled that the private home addresses of hon. Members should be published in response to freedom of information requests. That led to a great deal of heart-searching, anguish and concern on the part of Members, 256 of whom signed an early-day motion stating that their home addresses should be kept secret and not revealed in response to such requests. They included 98 Members from my party, 31 Liberal Democrat Members—about half of each of those parliamentary parties—and 111 Labour Members. That number would have been much higher but for the fact that many Ministers and Government appointees were not able to sign an early-day motion.

One of the strongest supporters of the move to change the rules and ensure that such addresses were not revealed was the hon. Member for Manchester, Central (Tony Lloyd), who spoke earlier in this debate. Other supporters were the Leader of the House and her then deputy. A very strong supporter was a Minister who is now in the Ministry of Justice, who gave a seriously worrying account of something that had happened when the revealing of an address had led to an encounter on that Minister's doorstep. It could easily have had a very nasty result.

The outcome of all that was that on 17 July, through a statutory instrument, the rules were changed. Hon. Members will no longer be put at risk in that way as a result of the decision by three judges, each of whom, most revealingly, declined to give me his home address. However, a point directly relevant to the Bill is the reason the information tribunal in February, and the three judges in May, said that they thought it appropriate for hon. Members' home addresses to be revealed. They said, although not quite in these words, that the cat was already out of the bag because candidates had to reveal their home addresses in certain documents at election time. We all know what those documents are, but I do not propose to spell it out. I do not want to make it any easier for people who wish to cause trouble to go into the matter, because I hope that we will get the law changed.

I contacted the Electoral Commission and had a conversation on 22 July with Mr. Peter Wardle, the chief executive. I wrote to him on 30 July and pointed out that, as I have said, the primary reason for the decision was that the cat was already out of the bag. My argument was, and is, that the cat had been let only partly out of the bag. Just because something is revealed locally from time to time, that is no reason to have to reveal it en masse, all the time, on the internet. That would have been the effect of the freedom of information ruling.

I put it to the Electoral Commission that there were four alternatives ways to close the loophole. The first was that the requirement at election time

"should be altered from disclosure of a home address"

on various papers

"to disclosure of any valid address via which the candidate can receive communications."

The second was that

"the candidate need not disclose any address at all."

The third was that

"only the first three letters/digits of the postcode of the candidate's genuine home address should be disclosed",

and the fourth was that

"a genuine home address should be disclosed to the Electoral Returning Officer only, who would have to be satisfied by documentary or other means that it was valid but who would not disclose it to third parties."

Mr. Wardle helpfully replied on 4 August, stating:

"In your letter of 30 July, you set out four possibilities. For the reasons I expand on below, I think the Commission would be likely to prefer your option (3)—that only the first 3 digits of the postcode of the candidate's genuine home address should be disclosed. In brief, the reason for my view is that the Commission is likely to take the view that electors and candidates should have the opportunity to establish for themselves what connection a candidate has with the area they are seeking to represent."

He pointed out that the requirement for a home address to be disclosed went back to the Ballot Act 1872 and had been carried forward, most recently in the Representation of the People Act 1983. Mr. Wardle said that his

"understanding is that the arguments for maintaining these arrangements"

related to people seeing that

"where there are rules on residency (e.g. in relation to eligibility to stand at a local election), they had been followed; or, where there are no residency rules, to ensure that candidates and electors can identify which candidates are local to the area."

He pointed out that in different Parliaments and in different elections, such as European elections, there are not the same requirements for such details to be disclosed.

I know that time is against me, so I shall conclude by saying merely that I believe that it was a good thing that the Electoral Commission stated the following to me:

"In our report, we did not recommend the complete removal of candidates' addresses from ballot papers—but we did suggest that addresses on ballot papers"

one of the examples that we all know about—

"could be abridged. Giving the first three digits of a postcode would, for example, be one way of achieving that."

The House has made its position overwhelmingly clear on this issue. The House has spoken: it does not wish hon. Members' home addresses to be revealed. The only reason this came about in the first place was through people pointing out that the home addresses of candidates are revealed at election time, albeit in a restricted way locally. The Bill gives us the opportunity to close that loophole, which nearly led to a very dangerous result. I do not expect an answer from the Minister tonight, but I hope that he will consider tabling an amendment in Committee. I am sure that such an amendment would meet with a great deal of genuine, consensual support. My Front-Bench colleagues informed me today that they would be happy to table such an amendment, but I hope that that will not be necessary.

9.22 pm

Mr. Philip Dunne (Ludlow) (Con): Like my hon. Friend the Member for New Forest, East (Dr. Lewis), I would like to focus on an omission from the Bill, although perhaps not with the forensic detail with which he made his particular point. I wish to address a disgraceful aspect of elections, because the Bill fails to take any steps to address the scandal of our disfranchised citizens living abroad. A year or two ago, considerable emphasis was placed on the difficulties our service personnel faced in getting registered because of their role and the frequency of their postings. Our annual registration makes it difficult to track them down and for them to participate.

A similar thing applies to non-resident British people—those who are living abroad. It is difficult to tell how large the resident population is in this country—hon. Members know all too well that we do not have a proper, accurate count of the population—so it is even more difficult to work out how many expatriate Britons are outside these shores. The Department's estimates of expatriates living abroad range from more than 13 million to—possibly—more reliable estimates of somewhere between 5 million and 6 million.

David Taylor: Does the hon. Gentleman agree that substantial sums have been devoted to encouraging expatriate registration, but very few register? Of those few who register, only a tiny proportion even uses their vote. Why should someone who has been out of the country for 12, 15 or 20 years with no residual links to it still be entitled to vote? We should put that money into ensuring high levels of registration in the towns, cities, estates and villages of this country where under-registration is a problem.

Mr. Dunne: The hon. Gentleman is simply wrong. We do not spend large amounts of money on trying to identify expatriate voters. Indeed, I intend to go on to make a plea for our overseas missions to be placed under a duty to seek out expatriate voters. Many other countries have much higher participation rates than we do and the hon. Gentleman is right to say that participation rates are low. At the last election, some 18,000 expatriate voters actually exercised their vote. The last figure available from the Electoral Commission for December last year suggests that only 15,000 expatriate Britons are currently registered to vote, although one would expect that figure to rise in anticipation of a general election.

It is also true that the participation of those registered is low, but that is not a good thing and the Bill fails to try to take any steps to increase voter participation. To suggest that all those who live abroad have given up on this country is a gross misrepresentation of why people choose to live and work abroad. The expectation of the

[Mr. Dunne]

Electoral Commission is that the majority of expatriates are of working age and are living abroad for a spell. We have free movement within the EU now and many people are working in other countries around the world. It would be wrong for those people to lose their vote because of barriers that we place in the electoral system.

Many other Governments allow their diplomatic missions to be used to facilitate registration and in the election process itself. I would like the Bill to be amended in Committee to place a duty on our missions overseas, through the Foreign and Commonwealth Office and its consulates, to require them to seek out British expatriates and encourage them to register to vote. The missions should also be used as locations for posting ballots so that people do not have to return their ballot papers to the UK through the vagaries of international postal networks which, given tight election timetables, can mean that people do not bother to vote because they know that by the time they get their ballot papers they will not have time to return them to be counted. I urge the Minister to comment when he winds up on why the Bill contains no mention of expatriate voters and whether he will consider such amendments in Committee.

Has the Minister considered what obligations he is placing on the Electoral Commission to pursue potential donations from eligible voters that may breach the new donation guidelines? If the new investigatory powers outlined in clause 2 apply to eligible, non-resident voters, how will they be exercised when those voters—potentially 2.5 million of them—live in many different countries? Is there any territoriality to those investigatory powers? If not, is that not a glaring omission? If so, how will they work in practice? Those issues are not covered in the clause or proposed new schedule 19A and I would be grateful if the Minister gave us a clue about his thinking on that point.

9.29 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): We have had an interesting debate that has covered a large number of issues. The Conservative party believes that the debate should go far beyond the simple principle of party politics. Today, we have addressed our democratic system, and we need to, because an electoral system based on integrity and protected from an attack by those intent on defrauding it is a fundamental aspect of a proper democratic process. Both my hon. Friend the Member for Chichester (Mr. Tyrie), in a very strong speech, and the hon. Member for Cambridge (David Howarth) made that point. To fail to protect that integrity is to undermine the democratic mandate to represent and govern those who have elected us.

It is not good enough, in our view, for the Secretary of State to call British politics "fundamentally clean". We believe that in the past decade the Government have permitted a gradual erosion of the trust that the electorate have in this House. By inaction in deed and misdirection in policy, the Government have failed to stop a collapse in public confidence in the ballot box. However, the almost exclusive concentration of the Justice Secretary and the Lib Dem spokesman on funding rather than on dealing with fraud in the electoral system is misdirected, in our view.

Labour's insistence on promoting turnout before the security of the poll, its repeated tinkering with the electoral system and its electoral gimmicks, such as the disastrous e-voting pilots, have served only to push more of the population into electoral apathy. The previously robust systems of electoral administration have reached breaking point, as new schemes, such as widespread postal voting, have been instituted without adequate verification systems.

We heard various speeches on the meaning of consensus, and, in the case of the hon. Member for Cannock Chase (Dr. Wright), an evaluation of its relative worth. However, the Bill is half-hearted, and is characterised more by what is missing than by our wholesale objections to its content. The hon. Member for Cambridge called it "inadequate for the task". My hon. Friend the Member for Chichester called it "a tiny Bill". My right hon. Friend the Member for North-West Hampshire (Sir George Young) called it "running repairs". Labour is missing an opportunity to rectify the damage and to add legitimacy back to the system, certainly via consensus.

The right hon. Member for Edinburgh, East (Dr. Strang) noted that the Bill was not going as far as Labour Members wanted, but we are not the only ones to think along those lines. A key finding of the Joseph Rowntree Reform Trust in its report this March was:

> "Public confidence in the electoral process in the UK was the lowest in Western Europe in 1997, and has almost certainly declined further as a result of the extension of postal voting."

The damning judgment of Richard Mawrey, QC, when judging the cases of electoral fraud in Birmingham in 2005, is as relevant today as it was then. If the public have no confidence in an electoral system, the entire system is called into question, and ultimately the state will become nothing more than a banana republic.

An effective electoral system and its administration must be the foundation of our democracy. It is a logical process, but one that seems to elude the Government at every attempt they make to implement it. A democracy needs elections, but those elections cannot be free and fair unless the rules governing them are fair and coherent. Those rules must be administered properly and, if necessary, enforced actively. Party funding regulations are, of course, also important.

We believe that the regulatory framework needs strengthening. The principle set out in clause 1, which is that the Electoral Commission is now required both to monitor and regulate compliance, has long been supported by the Conservative party. We will need to tie down exactly what that means, and we also hope that it will result in the commission's doing less of what it should not be doing, such as spending millions of pounds on increasing turnout. That is our job as politicians, not the job of the commission.

The Conservative party cautiously welcomes in principle the proposed additions to the investigatory and sanctioning powers of the Electoral Commission, although we will wish to look more closely at how they will work in practice, particularly in relation to powers of entry as elaborated so succinctly by the right hon. Member for Rotherham (Mr. MacShane), the hon. Members for Manchester, Central (Tony Lloyd), for Southampton, Test (Dr. Whitehead) and for Slough (Fiona Mactaggart), as well as by my hon. Friends the Members for Chichester, for South Staffordshire (Sir Patrick Cormack) and for Isle of Wight (Mr. Turner). The subject was elaborated

on by many hon. Members. I note the point made by my hon. Friend the Member for Gosport (Sir Peter Viggers), which was that the commission is willing to engage on the subject of those powers. That was good to hear. We shall certainly be concerned to ensure that the provisions do not have the effect of destroying donors' willingness to participate.

In a thoughtful speech, my hon. Friend the Member for Isle of Wight voiced concerns about stop notices. We will look at that point.

The current system is unnecessarily complicated and could be seen as preventing the prosecution of cases or of representing too much of a nuclear option. We consider that the use of administrative powers to award penalties could prove a useful and proportionate tool in the fight against funding illegality. Not only could it speed up the process, but it might make it cheaper for all concerned.

We believe that the Bill does not go far enough, not least because it ignores the key actions that we, the Electoral Commission and even the Government have agreed need to be addressed. As the Committee on Standards in Public Life noted in 2007, for that to happen we must ensure that all those entitled to vote are included on the electoral roll before an election and that everyone who is registered can exercise their vote. The right to vote and the duty to register are of equal importance. The process needed to secure those fundamental issues should be as simple as possible and barriers should be kept to a minimum. However, the Government have failed to take the opportunity to implement a method that guarantees it—namely, that individual registration should be introduced to safeguard the secrecy and security of postal voting. That was supported by the hon. Member for Slough, although only selectively, which we would not accept, but it was powerfully promoted by my hon. Friend the Member for Chichester, among other Members.

In Northern Ireland, legislation was introduced because of a perceived level of electoral fraud that was far lower than the amount of electoral fraud committed in Great Britain at present. It is unacceptable for the Government to apply one standard to one part of the UK and another standard for the rest of us. Justice Ministers have not been consistent on that issue and I am not wholly sure where the Lord Chancellor stood in that regard in a rather cryptic response earlier today. However, the issue is important to us.

The demography of our society has changed radically since household registration was introduced. Not to register is an offence, yet although the Electoral Commission estimates that 3.7 million people—8 per cent. of the population—are missing from the electoral register in England and Wales, not a single person has been prosecuted for non-registration. Indeed, the commission believes that there are between 1 million and 3 million further "ghost" voters. The lack of certainty about such figures, as described by the hon. Member for Slough, demonstrates how inadequate and flawed the current system is. If people are not even registered, what is the point of talking about anything else? My hon. Friend the Member for Ludlow (Mr. Dunne) pointed out that overseas registration is much too difficult. We shall address that issue in Committee.

In this post-Phillips offering, Labour has undoubtedly set out an extremely watered-down version of his proposals, although with the introduction of new trigger rules, so that candidate election spending caps may kick in before the election period starts, the Government are trying to return us to the pre-2002 position, and possibly the old system of rules for prospective parliamentary candidates, considered by everyone—certainly on the Opposition Benches—as absolutely unworkable. However, that was not the view of the hon. Members for Battersea (Martin Linton) and for Southampton, Test. We see those rules as archaic and almost farcical.

The ruling of the Court of Appeal in the case of ex-MP Fiona Jones was set out earlier. The judge said that misunderstanding of the rules was "rife". The hon. Member for Manchester, Central thinks that the rules can be refined, but we do not know what the exact rules will be, because the Bill is being rushed through before the Electoral Commission can issue statutory guidance. Are we really to go back to the bad old days when a PPC's photograph on political literature was okay if it was with a third party, but not if it was a portrait?

My hon. Friend the Member for Chichester showed that in 2000 there was consensus against triggering. I take the point made by the hon. Member for Cambridge that the provisions will not work anyway and I think the hon. Member for Cannock Chase reached the same conclusion, although for different reasons.

We shall debate the issue fully in Committee, because we think that the system will be a huge step backwards in the clear running of elections. As my right hon. Friend the Member for Horsham (Mr. Maude) said, it will bring uncertainty to candidates and it is unfair, from a retrospective point of view, to institute it before the election—a point supported by the right hon. Member for Edinburgh, East. Setting practicalities apart, the Government are being grossly partisan and hope to tilt the playing field in their favour in an attempt to protect Labour marginal seats funded by parliamentary allowance. The hon. Member for Cannock Chase was accurate in his criticism of the communications allowance.

On party funding, the Government propose in clause 8 yet another level of bureaucracy and red tape that would tie up even small donors of only £200, as my hon. Friend the Member for Chichester described. That is ridiculous; the administration of forms could cost more than the donation was worth. That aspect of the Bill has received no support from the Electoral Commission or the Conservative party. It is disappointing to see the Government insist on those petty measures being included, although I note that the Secretary of State said that he would discuss the matter further. However, as things stand, the result would not be much of an increase in transparency, but an increase in the administrative burden, particularly on donors. At a time when we should be encouraging individuals to give to political parties and to engage in the process, we seem to be making it harder for them to do so.

My hon. Friend the Member for New Forest, East (Dr. Lewis) made a strong case for including a home address secrecy clause, which we shall support.

My right hon. Friend the Member for North-West Hampshire made a good case for a clear announcement on the commencement of section 59 of the Electoral Administration Act 2006 to end dual reporting, and we look forward to seeing progress on that front.

Let me turn to the reform of the Electoral Commission and its commissioners. Almost all speakers, including my right hon. Friend the shadow Secretary of State and

[Mr. Jonathan Djanogly]

the right hon. Member for Edinburgh, East, agreed on that point. My hon. Friend the Member for Gosport put on record the commission's view, which mainly tied in with ours, although it has concerns about political nominees becoming commissioners in certain circumstances, and we hope to take that on board. There is a wealth of knowledge and understanding sitting on the Benches of this place that is being under-utilised in the current make-up of the Electoral Commission. The two main aspects of reform, which we agree with in principle, are the introduction of four new politically appointed commissioners, and the reduction from 10 to five years of the restriction on involvement in political activity for other commissioners. Furthermore, in terms of the Commission's day-to-day operation, we basically agree that the restriction limit for staff should be reduced to one year, although I note the concerns of my hon. Friend the Member for Isle of Wight in that regard.

We certainly consider that change is needed to improve the security of our electoral system and the funding of our political parties. Having debated the Bill today, I have to say that although we agree with certain aspects of it and will wish to use Committee to check its effectiveness and proportionality, we still have significant concerns about the fact that the Government consistently refuse to address the most vital failings of the electoral system—failings that have been enhanced by the ill-thought-through reforms of this Government to date. The integrity of our electoral system is essential to the credibility of our democratic system. The British electoral system is now in danger of losing that credibility. We need to appreciate that that loss would ultimately threaten the legitimacy of our actions and of the decisions made in this place. To that end, it is unacceptable, as my right hon. Friend the shadow Secretary of State for Justice noted, that the Bill ignores electoral fraud. It is vital that we respond to fraud—by, for example, introducing individual registration backed up by viable individual identifiers. It is our intention to support that in Committee.

9.43 pm

The Minister of State, Ministry of Justice (Mr. Michael Wills): As the hon. Member for Huntingdon (Mr. Djanogly) said, this has been an interesting debate. There have been many distinguished contributions, and as my hon. Friend the Member for Cannock Chase (Dr. Wright) might have predicted, not everybody has agreed on everything in the Bill. However, it is notable that much of the discussion has been about not what is in the Bill, but what is not in it. *[Interruption.]* Of course hon. Members will want to pursue the policies that they think are particularly appropriate to their needs. The hon. Member for Huntingdon suggests that, because the Bill focuses on transparency, the effectiveness of regulation and trying to bring in blocks on spending, the Government are insouciant about electoral fraud. He knows that that is nonsense, because every time he raises the issue, he is told of the measures that we are taking and have brought in—postal vote personal identifiers, witness signatures and so on—and every time he just ignores that and repeats the same old refrain.

Of course we take electoral fraud seriously. We are tackling it, and will continue to do so. We are very happy to work with the hon. Gentleman to tackle it more effectively. It is in the interests of everyone in the House to do so, but the Bill is not about that. The Bill is about matters on which I believe everyone in the House can agree. It is founded on three fundamental principles. First, our democracy depends on the public having trust in political parties. The hon. Member for Cambridge (David Howarth) made an eloquent case for that.

Secondly, there must be greater transparency in the funding of political parties, more effective powers for those scrutinising the conduct of elections, and an end to the arms race in party political spending. There has been much discussion today about whether there is such an arms race. I draw attention to the findings of the Hayden Phillips review. The hon. Member for Chichester (Mr. Tyrie) mentioned the papers. He will be aware that they are in the possession of Sir Hayden Phillips, who is deciding whether to release them. The hon. Gentleman knows, as do we, that the papers found that there was a significant increase in spending not only in general election compared with general election, but crucially within each electoral cycle. That is because spending at a local level is off the balance sheet. That is why we need more and better controls on candidate spending.

The third principle on which I hope the entire House can agree is that on an issue of such constitutional importance, it is vital that we move forward, as far as possible—notwithstanding the wisdom of my hon. Friend the Member for Cannock Chase—on the basis of consensus. Of course elections will always be vigorously disputed, but the foundations of the electoral system itself should not be the subject of dispute in so far as we can avoid that. Hon. Members have rightly been concerned with points of detail, which I shall deal with.

There has been much talk about the transparency of the relationship between the trade unions and the Labour party. Labour Members placed great emphasis on the historic links. Many of the Opposition's obsessions were aired. The House should know that recently the affiliated trade unions wrote to the Labour party general secretary to confirm that they will voluntarily provide more information to members about the collection and use of political funds and the individual member's right to opt out, and that the affiliates will introduce a common text for incorporation into membership materials, including application forms. In addition, the affiliates agreed that full affiliation of the levy-paying membership is the most transparent form of political membership, and moves will be made to that end. I hope that that indicates how we will move forward to introduce greater transparency into the process. I hope that the Opposition will reflect on that and think about how they can match those measures.

There has been a great deal of discussion about the triggering mechanism. We had detailed and forensic discussion of the matter. My hon. Friend the Member for Southampton, Test (Dr. Whitehead) called it Aquinean. I am not sure that any of us is much wiser about the degree of consensus that previously existed, but nobody could ever have wanted or endorsed a situation in which candidates were totally unregulated except in the last four weeks of the election. That is what we are trying to address.

The various points made in the debate will be taken on board by us. My right hon. Friend the Member for Edinburgh, East (Dr. Strang) made a good point about

the trigger. He stated that opposition to the Bill was based more on practicalities than on principle. I was interested to note that the right hon. Member for Horsham (Mr. Maude) seemed to agree with that. We are willing to address the details of the proposal in Committee. We want to approach the Bill openly and we will address each point constructively.

Concern was expressed that the provisions might discourage political volunteers. The hon. Member for Cambridge, my hon. Friends the Members for Cannock Chase, for Slough (Fiona Mactaggart), and for Manchester, Central (Tony Lloyd), and the hon. Member for Isle of Wight (Mr. Turner) all expressed concern about how the Bill may affect treasurers in local parties. Although we want the system to achieve greater transparency, that must be balanced against the need for it to be manageable if it is to operate for both donors and political parties. We want to achieve that balance, so we are listening to the Electoral Commission and to the parties. We have certainly also listened to all the contributions made in this debate. As I said, we want to move forward on the basis of consensus. As my right hon. Friend the Secretary of State for Justice and Lord Chancellor has made clear, we want representations on the issue and we will approach them all constructively.

Before I comment in detail on the Electoral Commission, I want to thank the hon. Member for Gosport (Sir Peter Viggers) for acting as such an eloquent conduit for its views. We are all grateful to him. There has been a lot of concern about the role of the Electoral Commission. Everybody realises that it needs to be improved and most of the contributions to the debate have given a general welcome to the measures that we have taken to enhance competence and experience at the commission.

However, a great deal of concern has been expressed about some of the new powers. My hon. Friends the Members for Slough, for Cannock Chase and for Manchester, Central and the hon. Members for Isle of Wight and for Huntingdon expressed worries about the extent of the powers. There has been some misunderstanding about how the powers will operate. First, we have set pretty high hurdles for their operation; the test is higher than that for existing powers. The powers will be warrant-based, so the commission will have to apply to use them. Under the new powers, unlike under the existing ones, reasonable force to gain entry can be authorised by a justice of the peace when the warrant is issued. However, the commission would have to demonstrate to a justice of the peace that it had a reasonable belief that an offence had been committed.

Technically, there is no new statutory entry power. A search can take place only when a warrant is granted and whether one is granted and what it allows depends on the decision of the justice of the peace acting as an independent check on the commission's power of entry. That is actually more restrictive than what can be done under the current power to enter. We recognise that people have raised significant concerns. We have listened to them today and when they have been expressed previously. We have heard the force of opinion in the House on the issue and will consider what can be done to address it. We expect to return to those concerns in Committee.

The hon. Member for Isle of Wight mentioned concerns about stop notices, but I should say to him that those have a high hurdle before they can be applied. The commission has reasonably to believe that the activity of the person in question is

"seriously damaging public confidence in the effectiveness of the controls in this Act".

A lot of Members have expressed a wide range of concerns, and I want to address three or four specific points. The hon. Member for Isle of Wight made a detailed point about single-seat divisions in his constituency, and I shall write to him about that.

The right hon. Member for North-West Hampshire (Sir George Young) expressed concern about when we were going to bring in section 59 of the Electoral Administration Act 2006 and clearly set out some of the issues raised in relating that provision to the Bill. He will be aware that the Secretary of State for Justice and Lord Chancellor has written to him explaining that we are considering how the provisions will work together. My right hon. Friend has offered a meeting, and the best way forward is for that meeting to take place very soon to see whether we can reach agreement on that serious issue. As the right hon. Gentleman will understand only too well, the issue is not simple. However, we want to resolve it, so we will come back to him very soon—I do mean very soon—with a time for a meeting on how we can move forward.

The hon. Member for New Forest, East (Dr. Lewis) raised an issue that concerns many Members, and I am grateful to him for the spirit in which he did so. He will know from our previous discussions that I am keen to continue a dialogue on that, but he will also know that in our view it is not necessarily as simple as he suggests. For example, there are implications for electoral administrators. The current provisions exist for a reason, and there continues to be a body of opinion in favour of them. They are not merely a historical anachronism, as he elegantly suggested. I can assure him that we will consider the matter, take it forward, and continue what I hope he agrees has been a constructive dialogue.

The hon. Member for Ludlow (Mr. Dunne) asked about non-resident voters. This is the first time that we can remember that issue being raised with us. The hon. Member for Huntingdon said that he will pursue it in Committee. We are happy to do that if necessary, but the solutions may not need to be legislative.

The issues at stake in this debate are extremely important. I hope that hon. Members will agree that whatever may not be in the Bill, what is in it is very important for the health of our democracy. If we can agree on the principles of a more transparent and more effectively regulated system with greater controls on spending, we will have a platform on which we can move forward to discuss the details in Committee.

Some hon. Members have urged us to go further, and we want to do so. This Bill is not the end of the story, and we recognise that more needs to be done. However, I say to all those who have criticised us that, as the Justice Secretary said, we can move forward enduringly and sustainably only on the basis of consensus. These issues should never again become part of a game of political football. Sadly, we do not yet have that consensus on all the measures that we wish to put in place, but we will continue to explore ways in which we can achieve it.

In the meantime, the Bill represents significant progress. It strengthens the Electoral Commission, enhancing its

[Mr. Michael Wills]

competence and powers, as all independent reviews have recommended. It introduces blocks on the arms race in election spending, and we will keep going to put those blocks in place.

The Bill introduces greater transparency to political donations. At various points in the past—

Tony Lloyd: Returning to the important theme of the arms race, will my hon. Friend assure the House that when that matter comes before the Committee he will take it very seriously? In the end, the Bill must be about giving confidence not only to Members of Parliament or candidates but to the wider public, who need to be assured that politics belongs to them, not to the politicians.

Mr. Wills: Of course I can give my hon. Friend that assurance. That issue is fundamentally important.

These are all valuable reforms. Because our democracy is so precious and trust in it is so important, these improvements in the system should not be delayed while we continue to seek agreement on further progress. As my hon. Friend the Member for Battersea (Martin Linton) pointed out, delay is the friend of an imperfect status quo. I commend the Bill to the House.

Question put, That the amendment be made:—

The House divided: Ayes 196, Noes 290.

Division No. 275] [9.59 pm

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin

Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and
Ms Dawn Butler

Question accordingly negatived.

[Mr. Wills]

Main Question put forthwith, pursuant to Standing Order No. 62 (Amendment on second or third reading):—

The House divided: Ayes 287, Noes 197.

Division No. 276] **[10.15 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
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Clwyd, rh Ann
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Coffey, Ann
Cohen, Harry
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Cooper, rh Yvette
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Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
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David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
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Eagle, Maria
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Engel, Natascha
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Foster, Michael Jabez *(Hastings and Rye)*
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Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
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Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Hendrick, Mr Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon

Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and
Ms Dawn Butler

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.
Bill read a Second time.

POLITICAL PARTIES AND ELECTIONS BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions).

That the following provisions shall apply to the Political Parties and Elections Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 13th November 2008.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*[Claire Ward.]*

Question agreed to.

POLITICAL PARTIES AND ELECTIONS BILL (CARRY-OVER)

Motion made, and Question put forthwith, pursuant to Standing Order No. 80A (Carry-over of Bills),

That if, at the conclusion of this Session of Parliament, proceedings on the Political Parties and Elections Bill have not been completed, they shall be resumed in the next Session.—*[Claire Ward.]*

Mr. Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 22 October, pursuant to Standing Order No. 41A (Deferred divisions).

POLITICAL PARTIES AND ELECTIONS BILL [MONEY]

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Political Parties and Elections Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable under any other Act out of money so provided;

(2) the payment out of the Consolidated Fund of any increase attributable to the Act in the sums to be charged on and paid out of the Fund under any other Act; and

(3) the payment into the Consolidated Fund of any increase attributable to the Act in the sums payable into that Fund under any other Act.—*[Claire Ward.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 23rd October, the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Mr Edward Leigh relating to Public Accounts not later than three hours after their commencement; proceedings may continue after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*[Claire Ward.]*

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

TERMS AND CONDITIONS OF EMPLOYMENT

That the draft Fixed-term Employees (Prevention of Less Favourable Treatment) (Amendment) Regulations 2008, which were laid before this House on 2nd July, be approved.—*[Claire Ward.]*

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

MENTAL HEALTH

That the draft Mental Health Act 2007 (Consequential Amendments) Order 2008, which was laid before this House on 8th July, be approved.—*[Claire Ward.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

CRIMINAL LAW

That the draft Remand on Bail (Disapplication of Credit Period) Rules 2008, which were laid before this House on 7th July, be approved.—*[Claire Ward.]*

Question agreed to.

PETITION

Planning and Development (Dorset)

10.29 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): My constituents' reactions to proposals in the south-west regional spatial strategy have formed the largest single issue in my mailbag—

Mr. Speaker: Order. May I remind hon. Members that they must not walk in front of an hon. Member who is addressing the House? It is bad manners. Mr. Djanogly, I must ask you to move.

Annette Brooke: Those reactions have formed the largest single issue in my mailbag this year. This petition represents the overwhelming views of residents in Corfe Mullen.

The petition states:

The Petition of people from the Mid Dorset and North Poole Constituency,

Declares the Petitioners' concern that the proposal for the construction of 700 dwellings in Corfe Mullen will lead to the destruction of a beautiful green valley in the green belt, increase traffic on already inadequate roads, put pressures on hospitals and other health services and on schools and endanger the heath lands. The Petitioners further declare that it is not an effective way to tackle the housing needs of local young people.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to respond to the views of local residents, elected councillors for Corfe Mullen and the Parish Council by removing the proposal for the 700 dwellings from the South West Regional Spatial Strategy.

And the Petitioners remain, etc.

[P000273]

Flooding (Northumberland)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

10.31 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I am glad to have the opportunity to mention the very serious floods that Northumberland experienced on the weekend of 5 September. They were devastating and went well beyond the experience and expectation of the communities involved. Hundreds of people will not be able to resume living in their homes for months, in some cases for a year or more.

Many local businesses were directly and severely hit, and the whole nation saw on television how appalling the situation was in the historic town of Morpeth, which is the local market town for a significant part of my constituency. Its MP, the hon. Member for Wansbeck (Mr. Murphy), is in his place, and he has secured a debate on Thursday on the situation in Morpeth. The hon. Member for Hexham (Mr. Atkinson) is also present, and Ponteland, in his constituency, was affected.

Although I shall refer to the devastation that I saw for myself in Morpeth, I wish to draw attention to the fact that, although the numbers involved were smaller, the devastation was severe in a number of smaller communities. Worst hit was Rothbury, where more than 50 properties were flooded, many up to above window height and 6 ft or 7 ft up the wall in many cases. That happened in pensioners' single-storey cottages. Access to the village was cut off by the floods, so the rescue efforts and counter-measures depended entirely on the small number of council and emergency service workers based in the village and the huge effort of voluntary organisations, volunteers and good neighbours.

Throughout the flooded areas, there were thankfully no lives lost and no serious injuries, and a great debt of gratitude is owed by all of us to the professionals, volunteers and neighbours who worked unceasingly throughout the weekend. The good neighbours included hotel proprietors such as those at Clennel Hall near Alwinton and the Percy Arms at Chatton, who took in and fed flooded caravanners and stranded motorists, despite the fact that their own staff could not get into work.

Other places where houses and businesses were flooded included Powburn, Warkworth, Belford, Kirknewton, Felton and a large area of the Till valley near Wooler, where rural businesses were completely deluged, crops destroyed and more than 800 sheep and other animals drowned. In the Ingram valley, the only road was washed away and homes were severely at risk. At Amble, there was very serious damage to the harbour wall, and equipment for the fishing industry was destroyed. Many places had severe flooding, from which properties only narrowly escaped with the aid of sandbags. No one could remember anything like it, even those who could remember the 1948 floods.

In dealing with the situation, I want agencies and Ministers—I am glad that the Minister for the North East of England is in his place—to consider four things: flood warnings, flood defences, future emergency planning and Government help for the recovery effort.

There were clearly failings in the Environment Agency's warning system. A specific failing affected householders in one part of Morpeth town centre, who did not get the warnings that were issued elsewhere. At Rothbury, the warning system failed, apparently because the gauge was on the Usway burn and it did not rise rapidly owing to the rain falling on a surprisingly narrow section of the Upper Coquet catchment. A man in Warkworth who rang the Environment Agency because of floodwater rising in his house was told that there was no warning in place for his area.

All those defects in the warning system can and should be remedied urgently, and that will not involve huge expense or difficulty. Warnings would not have prevented the floods, but they would have assisted the rescue operations and enabled some people to move particularly treasured possessions to safety. Alnwick district council would have moved vehicles from its yard at Rothbury—they were wrecked.

Much more challenging, and more expensive, is the need to tackle flood defences. Some of that work is already planned—for example, to reduce the flood risk at Morpeth. Bringing such work forward for earlier completion is doubly sensible, because it is just the kind of available investment project that the Chancellor apparently recognises we need in a recession. The Environment Agency must engage with people in the Rothbury and Coquetdale areas to discuss how the flood risk can be reduced.

Mr. Denis Murphy (Wansbeck) (Lab): I congratulate the right hon. Gentleman on securing this important debate. He rightly points out that a number of communities in Northumberland were affected by severe flooding, one of which was the village of Hepscot, just outside Morpeth. It was not affected to the same extent as Morpeth, but one of the main reasons it flooded was that the drains were overwhelmed. Does he agree that although simple maintenance—the cleaning of drains, and their upgrading, where necessary—would perhaps not have prevented the worst damage, it would have alleviated many of the problems that were faced?

Sir Alan Beith: The hon. Gentleman makes an important point, to which I shall return in a moment. Drain and culvert maintenance is very important.

I was discussing what the Environment Agency must do in a number of areas. In the Rothbury and Coquetdale areas, I want it to engage with local people to discuss how to reduce the flood risk. Work being done on the Coplish burn will not, by itself, be enough and, because of access difficulties, even that is not certain to be completed. There needs to be a public meeting at which the agency must explain and discuss the options that could be pursued, by extending the floodplain in upstream areas, for example. Local councillor, Stephen Bridgett, and I feel that such a discussion with local people is urgently needed.

The Environment Agency needs to be similarly open with the people of the Ingram valley. I share their anger that action that could have reduced the damage and the risk has previously been resisted by the agency on the grounds that the river would not pose the very dangers that we faced in September. The agency sent me a letter in October 2005, when I took up a demand for some work to be done, in which it stated:

"We refused consent for the works...on the grounds that the works would cause too much environmental damage. We have monitored the situation over the last 2 years and see no indication of rapid erosion, in fact the section of river appears to be naturally stabilising."

[Sir Alan Beith]

That very section of river went from being 50 m from property to just a few feet away during the floods, so, in refusing consent for works, the agency had wrongly anticipated the situation. The agency has to take account of all sorts of issues, which results in local residents feeling that the interests of fish are taking priority over the homes and livelihoods of those who live and work in the valley.

Not far away, in Powburn, where there has been serious flooding, there is a belief that the massive landslip, which has closed the A697, prevented the flooding of the village from being even worse. When the road has been rebuilt—that cannot happen soon enough for the people in Glanton, because all the diverted traffic goes through it—it will need to incorporate some method of retaining floodwater in the dene, located between the road and the railway track, so that water does not overwhelm the village. The situation is curious, because people in the village, who are cut off from the south by a landslide, say, "Thank goodness for the landslide—it could have been even worse but for that." We need carefully to examine alternative measures once the road is reinstated.

In the Till valley, older flood defences have been pierced to protect homes, which seemed to work, but agriculture and local businesses, such as the Fenton centre, paid a high price. Tourist businesses such as the Heatherslaw railway and the café were hit hard. The flooding of one group of recently built properties at Canno Mill, Kirknewton, was no surprise. The Environment Agency had objected to planning permission in 2004 because the development was on a floodplain. That is a clear warning for the future. The future flood strategy for the Till and its tributaries needs wide public discussion.

One vital but neglected part of flood defences in many areas—and here I return to the point made by the hon. Member for Wansbeck—is the clearing of burns and culverts of obstructions that cause floodwater to build up quickly. That was highly relevant in Belford and Netherton, and the hon. Gentleman points out that it was also relevant in Hepscot. It is a local council responsibility, not the Environment Agency's, and its importance should be more fully recognised. It is an especially challenging task in large rural authorities and it needs to be recognised in the funding formula. We have long-standing arguments about the funding formula as it affects Northumberland and the particular rural challenges that the county faces.

I turn now to the help that communities need. There has been some good, practical help from a wide range of authorities and agencies, both to householders and, in some cases, to business. DEFRA and the Environment Agency were proving very difficult over the disposal of the large number of animal carcases, refusing permission for local burial. However, One NorthEast stepped in to fund an emergency fallen stock disposal scheme, and farmers were grateful for that, but they still face huge drying costs and uninsurable crop losses.

The Government have the Bellwin system in place to fund local authorities up to 85 per cent. of non-insurance covered costs. For small authorities such as Castle Morpeth and Alnwick, there is a particularly strong case for the 100 per cent. help that some authorities received last year, and Northumberland, where its new administration has inherited a very difficult financial situation, faces a severe challenge that merits similar help.

Warkworth harbour at Amble is a small tourist port, serving the fishing industry and the leisure boating community. The harbour is very popular with anglers, visitors and local people who like to walk on the harbour wall. The floods had a destructive impact on the harbour. The river bed was scoured out by the volume of water and that also led to the washing away of the infill material behind the harbour wall. There is one section where the piles for the wall do not reach down to the rock, and in that section the wall has slipped down, tearing holes in the popular walkway along the top.

The situation has been exacerbated by the discovery that the damage is not covered by the insurance for the harbour. Costs of several thousands of pounds have already been incurred on emergency stabilisation works, and engineers are deciding what needs to be done as the next step. There are some funds for the works in the dredging reserves, but there will be a need for grant funding from DEFRA and other bodies that usually help to finance dredging operations. It is not clear how that money will be accessed or whether it can be obtained. Harbour income is very small. In the old days, it was a busy coal port, but that has long since ceased. The infrastructure of the harbour remains vital for the fishing community, the leisure boating businesses and the flood protection of the town of Amble.

I ask the Minister to give urgent consideration to that problem and the others that I have raised. She may be able to give me some answers tonight, as I gave her notice of the points that I intended to make. However, other issues—such as the Amble harbour situation—will require discussion with other parts of the Department. I look forward to hearing from her once she has had those discussions. I stress again the devastating impact of the floods in Northumberland and how important it is that we have help in putting the county back on its feet.

10.44 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): In the light of the recent flooding events in England at the beginning of September, I am most grateful to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) for giving me this opportunity to speak on a really important aspect of my new responsibilities so soon after taking up my new post and so quickly after the incidents to which he referred. I also note the attendance of several other right hon. and hon. Members with similar interests.

I should first pay tribute to my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas) for the interest that he took in such issues and the hard work that he put into the task. I know that he took a close interest in the outcome of flooding incidents around the country during his period in office.

Between Friday 5 and Sunday 7 September, heavy rain and flooding affected most of England and, as the right hon. Member for Berwick-upon-Tweed has described, the most serious consequences were felt in the north-east of England, my home region, including Rothbury in his constituency, a place that I know. Morpeth and Ponteland, also in Northumberland, were also hard hit. The severe

rainfall that caused the flooding was first identified as a potential threat a number of days before the event, as a substantial low pressure system was identified tracking towards Europe from the Atlantic. By Wednesday 3 September, the Environment Agency and Met Office began detailed modelling accurately to track the low pressure system and to predict potential rainfall amounts. By Thursday the Environment Agency alert status was raised to "heightened" and the regional Government offices and local resilience forums were contacted by DEFRA and advised to begin preparations in case of serious flooding.

The right hon. Gentleman complained that the flood warning for Rothbury was not issued by the Environment Agency during the events of 6 September, and I acknowledge that the system did not work. I understand that that was due to limitations in its infrastructure network in terms of river level gauging. Clearly, lessons will need to be learned; they always do when an incident of such seriousness and of such a nature occurs. The agency is aware of the issue and is looking to improve the flood warning service for Rothbury.

Miss Anne McIntosh (Vale of York) (Con): I congratulate the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) on securing the debate. Does the Minister share my concerns that although we are all trying to encourage the Environment Agency to push up registration for flood warnings, when such an incident happens it puts people off signing up to registration? If the Government could do something in that regard, it would be vital.

Jane Kennedy: I acknowledge that flood warnings save lives. I understand that more than 70,000 more people have registered with the Environment Agency flood warning system. I do not entirely accept that such an incident puts people off registering. The agency is improving its advice to the public. It is running flood awareness campaigns and is working with the Met Office to improve the quality of flood warnings.

Flood warnings were issued in Morpeth. Let me say a little more about the events in Northumberland. Heavy rainfall early warnings were issued for the north-east of England and flash flood warnings were sent out across many further parts of the country on the Friday. Through the early warning system and the new and improved working arrangement between the Environment Agency and Met Office, warnings were issued to alert local authorities and the emergency services, and preparations were made to prepare vulnerable people and vulnerable areas.

The rainfall that occurred in the north-east was very heavy. Advice from the Environment Agency is that the flooding that occurred was estimated as a one in 60-year event. At the time, and since, a lot of attention was rightly focused on Morpeth, where the first flood watch alert was issued at 3.30 on the Saturday morning, with warnings escalating throughout the day. The first area to flood in Morpeth was the undefended High Stanners area at about 11 o'clock on the Saturday morning. River levels continued to rise and further severe warnings were issued for other parts of the town, with flooding from the river starting between 3 o'clock in the afternoon and 4.45 at various locations. There was also flooding from the River Wansbeck, which received 94 mm of rainfall between the Friday and Saturday. A number of areas of the town were affected by surface water, which affected many properties and contributed to flood defences being overtopped.

In Morpeth, approximately 1,000 homes and businesses were affected by the flooding and about 250 families were looked after in rescue centres and temporary accommodation. Rothbury, in the constituency of the right hon. Member for Berwick-upon-Tweed, was completely cut off, as he described. In Ponteland, the River Pont burst its banks. Critical infrastructure was affected in the area, and four electricity substations were switched off. The ambulance station was flooded and all roads into Morpeth were impassable. The events were very serious indeed and when one is not affected by such events one can have nothing but sympathy for the families whose homes and businesses are affected.

The right hon. Gentleman asked me to write to him about the damage to the harbour. I was not sure precisely what the damage was until I had heard his comments, but I am happy to respond in writing. In a moment, I shall say a little about the animal carcases to which he referred.

Flooding of homes and businesses is always devastating, but such events will take place from time to time, despite the substantial increase in flood defence spending that the Government are putting into effect. We must be ready to react at national, regional and local levels. The House may not be aware of the following schemes providing effective flood defence in other communities in the recent September floods. Such works enabled damage to be averted at 21,000 homes on the River Taff, thousands of homes on the River Wye in Hereford and the River Rhonda at Ferndale, 2,100 homes on the River Birket in the Wirral, and hundreds of homes in Warrington, Manchester, Bangor-on-Dee, Yorkshire and on the River Tees at Yarm, as well as 600 homes in York.

Mr. Peter Atkinson (Hexham) (Con): It is fair to say that the work done by the Environment Agency saved many houses in Ponteland from being flooded as they were a few years ago. In fact, because of the work of the Environment Agency, only about a dozen were flooded. That is positive.

Jane Kennedy: I am grateful to the hon. Gentleman for making that point. None the less, when there is such an event and the defences are not adequate, the impact on families and businesses is devastating. My hon. Friend the Member for Oldham, East and Saddleworth told me of his satisfaction at the success of the multi-agency approach co-ordinated by the Gold Command set up in Northumberland in September. Those involved showed what can be accomplished through strong partnership work. The successful evacuation of Morpeth is an example: it started at noon in the High Stanners area and full evacuation was under way by 4 o'clock, led by the local authority and supported by the emergency services and the Environment Agency. Approximately 180 fire and rescue personnel were used on Saturday, with all 22 appliances in Northumberland being utilised. Mutual aid assistance was given by neighbouring fire and rescue services, and the operation was supported by Northumberland Mountain Rescue, Northumbria Police Marine Rescue and the RSPCA. Fire and rescue people-carriers, as well as minibuses, were used to transport

[Jane Kennedy]

evacuated residents to rest centres, helping approximately 300 members of the public to reach safe accommodation at the height of the evacuation. By the morning of Sunday 7 September, the floodwaters had, thankfully, almost completely receded and roads were reopened. I commend the residents in the affected areas for how quickly they bounced back. Incredibly, much of the centre of Morpeth was open for business before Sunday lunchtime and the recovery operation was well under way.

Following any flooding event, the hard work really begins on the long road to recovery. In Northumberland, the local recovery and support operation will continue for some months yet. The right hon. Member for Berwick-upon-Tweed is right to point out that a number of families will suffer for many months, perhaps from the loss of their home or from damage to their business.

I express my deep gratitude to all involved for the way they have pulled together in the face of such adversity. Recovery and restoration groups in Castle Morpeth and Alnwick are offering guidance and support to local residents, while representatives of the councils, the fire and rescue service and the police have visited local residents to discuss the support available.

The National Flood Forum is advising the recovery and restoration groups on the issues that they are likely to face as the recovery effort continues. One NorthEast, the regional development agency, has made £500,000 available to help affected businesses with immediate costs, and my hon. Friend the Minister for Local Government has confirmed that the Bellwin scheme has been activated to cover the immediate local authority costs of responding to the floods. I hear what the right hon. Member for Berwick-upon-Tweed says about whether the figure should be 85 or 100 per cent. Those matters will, no doubt, be considered. Applications for Bellwin assistance are being prepared by Northumberland county council and Castle Morpeth borough council.

I should like to express my gratitude for the actions of many third sector organisations following the flooding: they once again showed that our communities can really pull together at difficult times. Voluntary agencies have worked with supermarkets to provide food, goods and cleaning materials, and residents have provided donations in the form of furniture and household items. Community groups continue to provide drop-in centres to give affected families a break from the clean-up operation.

A distressing issue that can arise from flooding is the impact on wildlife and livestock. Many local people will have seen coverage of the issue in the press, and the right hon. Gentleman raised the subject. Unfortunately, it was reported that about 800 sheep were lost during the floods. Left unchecked, the existence of so many dead animals would have posed a risk to public health. The majority of carcases were disposed of thanks to arrangements made at short notice by the county council and funded by One NorthEast. I do not recognise the right hon. Gentleman's description of the reluctance of the Environment Agency to engage. I am advised that a partnership approach was taken, and that the prompt action helped to ensure a proper response—the kind of response that we would have looked for—and I commend all those who brought about the fast and effective disposal of the carcases.

I know that many people have made public their thanks to the emergency services for the excellent job they did in dealing with the flooding, and I should like to record mine. For some citizens of Morpeth, the September floods will not have been their first experience of such events. Since September, the Environment Agency has carried out emergency works in the area, including a structural assessment of a damaged in-river weir upstream of Morpeth and of various flood defences in the town. It has also designed a replacement for a flood wall that was demolished by the force of water pushing against it after the town had been inundated. The initiation of the Environment Agency's flood alleviation scheme, which commenced in December 2007, is important for the longer term. The River Wansbeck strategy study determined that a stand-alone flood alleviation scheme should be progressed in Morpeth. An initial site investigation was carried out, and an environmental assessment is under way.

Sir Alan Beith: Will the Minister give way?

Jane Kennedy: Very quickly; I am not sure how much time I have left.

Sir Alan Beith: Will the Minister give reassurance to those in the many other river valleys—the Till, the Coquet, the Breamish—that their concerns will be addressed, and addressed openly, by the Environment Agency?

Jane Kennedy: Certainly the Environment Agency will examine incidents of flooding wherever they occur, and will obviously want to learn lessons and determine strategies to see what can be done to avoid flooding in future. The right hon. Gentleman mentioned a range of areas that might be, or were, flooded. Clearly, the Environment Agency will have to look at the experience of the north-east, and Northumberland in particular, as a result of September's rains.

Although substantial flooding did occur in parts of the north-east in September, it is important to remember the many flood defence systems that were not breached, despite the very heavy rain. I referred to a number of them earlier. Many properties were saved from damage in Bishop Auckland and West Auckland—places that I know well from my childhood—where completion of a dam at Spring Gardens held back flood water above the town at a height of 8.5 m; that seems an incredible height. In Hexham, at Cockshaw burn and Halgut burn, the combination of a new engineered channel and flood diversion pipe operated to take flood water away from the centre of the town.

The Environment Agency is responsible for maintaining and repairing flood defences, including the installation of temporary defences where needed. During the past year it has inspected 180,000 assets and carried out work that now means that 95 per cent. are serviceable and will perform as designed during a flood event. The Environment Agency spent £377 million building and maintaining flood defences in England, as well as raising public awareness through greatly improved flood mapping and warning systems.

More generally, our work to improve preparedness against flooding is ongoing and although we must recognise that we can never eliminate the risk of flooding,

we are determined to improve our ability to reduce the impact of flooding. The Government are increasing investment and we will see a record £2.15 billion invested over the next three-year period. As I said, we will never be able to eradicate the threat, but I am encouraged that the events of September demonstrate the preparedness and professionalism of those charged with responding at every level. I am not complacent, but I believe that we are better able to respond to the threat.

Question put and agreed to.

Adjourned accordingly at Eleven o'clock.

House of Commons

Tuesday 21 October 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Ports

1. **Mr. Brian Binley** (Northampton, South) (Con): What recent discussions he has had with the Secretary of State for Communities and Local Government on the effects of recent changes to the rating system in ports on the operation of those ports. [228325]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): Following representations that I have received on behalf of businesses in ports, I am in correspondence with the Minister for Local Government, and our officials at the Department for Transport have been discussing the matter with officials at the Department for Communities and Local Government.

Mr. Binley: In the light of damning remarks by the Treasury Committee, what comfort can the Minister offer to struggling companies working in 55 UK ports, which are faced with 200 per cent. business rate increases while wealthy port owners will have a windfall?

Jim Fitzpatrick: While researching for my response to the hon. Gentleman, I naturally looked at Northamptonshire to see what particular port was of special interest to him—

Mr. Binley: We are a seafaring nation.

Jim Fitzpatrick: I am not critical of the hon. Gentleman at all. As Minister with responsibility for shipping, I am grateful for any interest in the subject, as I know that shipping feels undervalued and that it is not give the credit that it is due. I can tell the hon. Gentleman that the Government are aware of the concerns of businesses within ports about the backdating of business rates, and are we are looking at the position. Other right hon. and hon. Members have also made representations.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Can my hon. Friend give the House an assurance that he is dealing with this matter as a matter of urgency? Does he accept that levying retrospective business rates in ports such as Liverpool and Hull has an effect on the economic regeneration that is so evident in our ports?

Jim Fitzpatrick: As my hon. Friend, who is the Chairman of the Transport Committee, knows, during a debate on regional matters by our right hon. Friend the Secretary of State for Communities and Local Government she was given an assurance that the Government are aware of the concerns about backdating raised by business within our ports, and we are looking at the situation. Indeed, I had a telephone conversation with the Minister for Local Government earlier today; we are looking into this as a matter of urgency.

Robert Neill (Bromley and Chislehurst) (Con): In the course of his discussions with the Minister for Local Government, will the Minister seek to resolve a paradox? The Financial Secretary to the Treasury indicated to me in a written answer that retrospective taxation should be imposed only

"where the Government consider that it is necessary to protect revenue and…is fair, proportionate and in the public interest".—[*Official Report*, 9 October 2008; Vol. 480, c. 802W.]

How can that be reconciled with another written answer from the Financial Secretary saying that no impact assessment was made of this retrospective decision—or, indeed, with the written answer from the Minister for Local Government saying that no assessment has been made of the amount of revenue that might be raised, and, I assume, protected?

Jim Fitzpatrick: I am at a slight disadvantage in not having to hand the three replies that the hon. Gentleman refers to. I can say that assessments have been made of the financial impact on ports and the businesses within them in respect of the increase in revenue afforded as a result of the examination of business rates within ports by the Valuation Office Agency. As I said in response both to the hon. Member for Northampton, South (Mr. Binley) and to my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), the Chair of the Transport Committee, the Government are looking into these matters and we will respond as soon as we can.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): My hon. Friend will no doubt be aware that I am the Member of Parliament representing the Mersey Docks and Harbour Company—a fantastically thriving port. It had been decimated by the Tories, so in 1997 unemployment was very high. I accept what the Minister has said about his intervention in this very important matter, but will he come to visit our port, and some of the very successful companies that are working there, in order to hear about their prospects for the future under this Government?

Jim Fitzpatrick: I am grateful for my hon. Friend's generous offer of a visit to the city of Liverpool and the port in her constituency. I am visiting ports as a matter of routine, and I will certainly look to see how quickly I can fit this particular visit into the schedule, and write to my hon. Friend about it.

Mr. Julian Brazier (Canterbury) (Con): The Minister knows of the desperate plight faced by those all those who serve the shipping industry, with the collapse in shipping rates. Will he confirm not only that there was no impact assessment of any sort, but that while the ports that stand to do well out of this were all consulted, there was no consultation of any kind with any of the businesses that will be adversely affected?

Jim Fitzpatrick: As I have explained over the last few minutes, this is very much a matter for the Department for Communities and Local Government, to which the Valuation Office Agency is responsible and reports in respect of its activities. I can reassure the hon. Gentleman once again that assessments have been carried out. I have to apologise to the House for not being in a position to confirm whether a full impact assessment was made, but I will ask my DCLG colleagues whether that was the case, and I will certainly let the hon. Gentleman know the position as a matter of urgency.

New London Airport

2. **Andrew Rosindell** (Romford) (Con): What recent discussions he has had on the possibility of development of a new airport to the east of London. [228326]

The Secretary of State for Transport (Mr. Geoffrey Hoon): The Government consulted on an option for a new airport in north Kent in preparing the 2003 "Future of Air Transport" White Paper. As the White Paper makes clear, that option and other proposals for a new airport in the Thames estuary were rejected in favour of supporting development at existing airports in the south-east of England. That remains the Government's position.

Andrew Rosindell: Has the Secretary of State considered the effects of airport expansion, or of the building of new airports, on wildlife, birds and the wider environment? What guarantees can he give that the country's rich biodiversity will be protected? Will he undertake to consult the Royal Society for the Protection of Birds before conducting further airport expansion in our country?

Mr. Hoon: I am grateful for the hon. Gentleman's question, because one of the main reasons why the Mayor of London's proposals are not practical is that building an estuarial airport in places of ecological sensitivity, which have large seabird populations, is not practical, because of both the impact on the environment and the risk of bird strike—a phenomenon not unknown to those who operate aircraft. Perhaps surprisingly, I find myself agreeing with the hon. Gentleman, and I trust that he will communicate his views firmly to the Mayor of London.

Ruth Kelly (Bolton, West) (Lab): I congratulate my right hon. Friend on his recent appointment as Transport Secretary, and I look forward to him dealing effectively but resolutely with all issues, particularly the need to secure more aviation capacity in the south-east. Does he agree that the problem is not just the local environmental impact of a potential new airport in the Thames estuary, but the lack of a substantial work force locally? Is it not fantasy politics to suggest that a Thames estuary airport could ever obviate the need for a third runway at Heathrow?

Mr. Hoon: Let me take this opportunity to pay tribute to the excellent work completed by my right hon. Friend during her service in the Department for Transport. She was well respected within the Department and across the transport industry. I am grateful for her comments, not least because she displays a knowledge and understanding of the issues, which I hope in time to acquire, and which certainly far outstrips the rather feeble views set out so far by Opposition Front Benchers on such questions. Clearly they lack any consistent support from their Back Benchers, as we have seen recently. It is disappointing that they have not paid attention to the voice of British business on a question as vital as the future of the United Kingdom's major airport. I hope that there is some principled reason for their position, but I suspect that there may not be.

Mr. Crispin Blunt (Reigate) (Con): The Secretary of State may be a little complacent in his duties if he says that it would be perfectly proper to consult the RSPB about an estuarial airport. The United Kingdom is likely to need a 24-hour airport in the future, and historically, demand for air travel has grown constantly. If the Government did not keep the options under review they would not be doing their duty, and they should not dismiss the suggestions of the Mayor of London so lightly.

Mr. Hoon: In preparation for the 2003 White Paper, some 400 different possible sites were examined. Other than the existing airports, one was examined in greater detail, and even that was rejected on grounds of feasibility, cost and practicality. It cannot therefore be said that the Government have not looked in detail at the options. The hon. Gentleman is right, however, to say that it is always necessary to keep such issues under review. Given that a major undertaking involving the consideration of 400 possible sites was carried out very recently, I hope that he accepts—fair man that he is—that there is not much point in reviewing the whole issue again so soon.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): But one thing is for certain: if we do not increase capacity in this country, the trade will end up in Europe, either at Schiphol or at Charles de Gaulle. Is that not one thing that the Opposition have not considered?

Mr. Hoon: If they have not considered it, they have not considered the matter carefully. I agree with my hon. Friend that it is important to consider the 100,000 jobs provided by Heathrow in the surrounding area, the impact on British business, and the impact on overseas investment: 70 per cent. of companies that invest for the first time in the United Kingdom do so in places less than an hour from Heathrow. All those are major considerations. If the Opposition's position rests somehow on an environmental case, they need to face up to the fact that the great majority of people travelling into Heathrow, who catch long-distance flights, would transfer their journeys to continental airports such as Schiphol, Paris and Frankfurt. There would be no saving of carbon, but instead—*[Interruption.]* Opposition Front Benchers are laughing, but this is not a laughing matter as far as British jobs are concerned. British jobs would be exported to the continent, which is a remarkable result for a party that is supposed to be anti-European.

Waterloo International

3. **Dr. Vincent Cable** (Twickenham) (LD): What progress has been made on the conversion of Waterloo International for the use of London suburban rail services. [228327]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Works to convert one platform of Waterloo International for domestic use will be completed by December 2008. The Department continues to work with South West Trains with a view to some existing services operating into and out of platform 20 from next year.

Dr. Cable: I thank the Minister and his predecessor for their support for this project, but the rail operators are saying that they cannot improve services unless they have more rolling stock. Will the Government give priority to that additional investment, under their accelerated programme for railway investment?

Paul Clark: The hon. Gentleman will be aware that there are, in a sense, two stages—a short-term and a medium-term solution—in relation to, in this instance, Waterloo station. In the short term, we need to establish a service by next year through South West Trains. The longer-term solution will involve HLOS—the high-level output specification—and the reconfiguration of all routes into Waterloo, with longer trains to meet capacity requirements. That is part of the £10 billion package in which the Government are investing until 2014.

Mr. Denis MacShane (Rotherham) (Lab): The Minister may be aware that Waterloo International, designed by that great British architect Nick Grimshaw, is one of the finest steel and glass constructions—if not the world's best—since the Crystal Palace was built for the great exhibition in 1851. Alas, at present we can only see it from the top of the London Eye. As the Minister contemplates what will happen to Waterloo International, will he arrange for one or two buildings around it to be demolished, so that we can actually see one of the finest bits of glass and steel architecture built in recent years?

Paul Clark: I thank my right hon. Friend for his comments. I am currently dealing with issues related to transport, but he is right to point out that redeveloping and proceeding with plans in an optimal way invariably involves many other players. We will certainly take his comments on board, and I am sure that the relevant authorities will imagine seeing Waterloo in the same splendid way as we now see the Barlow shed at St Pancras.

Sir George Young (North-West Hampshire) (Con): As well as finding out whether Waterloo International might be used for London suburban rail services, will the Minister find out whether it might be used for services from further afield—from Hampshire and the south-west, where there is enormous pressure on the train service?

Paul Clark: The right hon. Gentleman has raised a wider issue, relating to capacity and ways of making the best possible use of our existing facilities and infrastructure. The current HLOS plan is to build on capacity and the available options through that £10 billion package. My right hon. Friend the Member for Bolton, West (Ruth Kelly) has asked Network Rail formally to consider a number of options for the period beyond 2014, and we await further work which will undoubtedly start to feed ideas into the work stream in 2009.

Stephen Hammond (Wimbledon) (Con): I welcome the Minister to his new role, and hope that he is as successful in it as his predecessor.

Every morning commuters from all over south-west London, and indeed from further afield, are reminded that they travel on one of the most overcrowded parts of our railway network, yet they continue to see four platforms not being used. The Government knew in 2004 that Eurostar services would go to St Pancras, yet only one platform will be in operation before 2014, as the Minister has just confirmed. According to estimates provided by industry, it would cost only £10 million to bring the other four platforms into use, and it is costing half a million pounds to mothball them. Is this any way to treat commuters?

Paul Clark: One thing of which I am certain is that we must invest constructively in infrastructure fit for the 21st century. I am well aware of the vast increase in passenger journeys over the last ten years, causing substantial demand on our safe, secure and relatively efficient network. That is important. Reliability has improved tremendously and South West Trains' latest figures show that its reliability is up to 92.5 per cent from August to September. That is what people want: reliable services at a reasonable cost.

On investing, there will be many demands on the £10 billion to which I have referred to increase capacity. I am sure that other hon. Members from all regions have demands in their neck of the woods. We are dealing with the short-term requirements to 2009; the longer term will involve changing capacity at Waterloo and other stations.

A46

4. **Paddy Tipping** (Sherwood) (Lab): What highway improvements are planned on the A46 between Newark and Widmerpool. [228328]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Plans for substantial highway improvements on the A46 between Newark and Widmerpool are well developed and being reviewed by the east midlands region in its assessment of funding priorities. The Department for Transport expects to receive the region's advice early in 2009.

Paddy Tipping: Let me welcome my hon. Friend to his new position, and immediately ask for his help in resolving a problem that applies to the whole of the east midlands. He recognises the problem; it is simply one of funding. The road scheme costs £370 million, and it is simply unreasonable to ask the regional pot to fund it. It is like keeping a whale in a bucket. Will he look again at this matter?

Paul Clark: I thank my hon. Friend for his words of welcome. I am well aware that this has been a long saga. He will be well aware that the costs for the scheme have increased tremendously. He mentions £370 million, but he will find that the figure is between £370 million and £500 million, at some £437 million. We are looking at the possibilities. The Highways Agency is working closely with the region and the local authorities in the east midlands to see whether there is a possibility of phasing, and we are expecting that work to be completed shortly.

Mr. Kenneth Clarke (Rushcliffe) (Con): May I too welcome the Minister to his new responsibilities, and also ask for his help? Is he aware that the decision of one of his recent predecessors to make this a regional rather than a national priority has had the inevitable effect of causing indefinite delay to an important scheme on a dangerous road that is very important to the regional economy? If the Government are now serious in their stated intention of giving greater priority to capital expenditure in the course of reviving the economy, surely this is an obvious scheme to consider. It has already gone through years of preparation, has practically completed the planning process, and is ready to be started in a comparatively short time—in the next year or two, if the Government were to make the funds available.

Paul Clark: I hear exactly what the right hon. and learned Gentleman is saying and I thank him for welcoming me to my post. There are many schemes that right hon. and hon. Members would describe as absolutely critical, for a whole host of very sound reasons. We took the decision, rightly, to bring together the decision-making processes on roads, economic development and housing at regional level so that there could be a better understanding and meshing of those requirements at regional level, where, as I am sure the right hon. and learned Gentleman will accept, the importance of schemes is best known. In terms of regional priorities and whether this scheme can proceed, let me add that the Highways Agency is working closely with the east midlands region to see what phasing of this scheme there could be, to make the right hon. and learned Gentleman's dream—and the dream of my hon. Friend the Member for Sherwood (Paddy Tipping)—come true.

Patrick Mercer (Newark) (Con): May I welcome the Minister to his post—and may I expose my dream to him as well? No wonder prices for this scheme are increasing disproportionately, because we have been talking about it since 1958, and nothing has been done. The fact remains that Newark is being strangled economically by this one piece of road that has not been dualled. We have good pieces of road running up to Lincoln and in the other direction down to Leicester. Unless something is done about this quickly and effectively, which it can be, Newark will continue not to fulfil its full economic promise. May I invite the Minister and/or the Secretary of State to come and visit, and to see exactly what are the effects on my constituency of this dangerous road, which is long overdue for improvement?

Paul Clark: I am interested in the fact that this road scheme has been waiting since 1958—and I wonder why progress was not made under other Administrations. *[Interruption.]* Yes, the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), may have had something to do with that. The safety issues are rightly recognised locally, by the region, by the Highways Agency and by us, but there must be an order of priority for schemes. It is necessary for that to be built into the whole programme for the allocation of funding, which over this period is tremendously higher both regionally and in terms of the strategic network of roads. We always take into account invitations to visit, although whether there can be a visit soon is another matter.

Seafarers' Pay

5. **Gwyn Prosser** (Dover) (Lab): When his Department last held discussions with the Department for Business, Enterprise and Regulatory Reform on the application of the national minimum wage to seafarers. [228329]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): There has been regular contact between the Department for Transport and DBERR on this issue, going back many months. The last discussion at official level was on 16 October.

Gwyn Prosser: I am sure that my hon. Friend shares my pride that Labour's minimum wage has made this a fairer country and taken millions of people out of poverty—but when are Ministers going to take action to close the loophole that allows foreign seafarers sailing between British ports to be paid as little as one third of the national minimum wage—sometimes less than £2 an hour? Will he meet me and my colleagues, and DBERR representatives, prior to our discussions of the Employment Bill, so that we can stop this exploitation of working people?

Jim Fitzpatrick: I well remember the introduction of the national minimum wage; I remember staying up all night to fight the Conservatives tooth and nail, while they did everything they could to prevent it from being introduced. The application of the national minimum wage to seafarers is a complex issue, as my hon. Friend knows; and it is the subject of ongoing discussions within Government. Three Departments have an interest: DBERR as the owners of national minimum wage legislation; the Department for Transport because we have general responsibility for seafarers' employment rights; and the Foreign Office because of the implications for international law. Ships are generally governed by the law of their flag state even when on what is known as innocent passage through the territorial waters of another state. Any changes to national minimum wage legislation would need to be consistent with international law. I know my hon. Friend knows that, and that he also knows that we are trying to address this question.

Adam Price (Carmarthen, East and Dinefwr) (PC): UK seafarers can be denied the national minimum wage by foreign flagged vessels even when they work exclusively out of UK ports—and, as we have just heard, foreign seafarers face racial discrimination on UK ships. Why do we continue to allow this kind of thing to happen in UK territorial waters, when we would never allow it on UK territorial land?

Jim Fitzpatrick: The national minimum wage currently applies to those who are working, or who ordinarily work, in the UK under their contract. For seafarers, "in the UK" means in internal waters—in other words, the water and waterways to the landward side of the baseline. It applies to those working on UK-registered ships, unless the employment is wholly outside the UK or the worker is not ordinarily resident in the UK. It applies to offshore workers—for instance, on oil rigs in territorial waters—but excludes workers on ships in the course of navigation or engaged in dredging or fishing. The maritime unions are campaigning to get the extension to which

my hon. Friend the Member for Dover (Gwyn Prosser) referred, and we are doing what we can to address the issue.

Midland Main Line

6. **Mr. Philip Hollobone** (Kettering) (Con): What steps are being taken to raise line speeds and reduce train congestion on the midland main line. [228330]

The Secretary of State for Transport (Mr. Geoffrey Hoon): Network Rail has proposed line speed enhancements on the midland main line as part of the plan to deliver the capacity improvements sought by the Government in the July 2007 rail White Paper. The independent Office of Rail Regulation has indicated that it is minded to agree to that project. A final determination is expected from the ORR at the end of the month.

Mr. Hollobone: When the next timetable change happens, half the trains north from Kettering will be lost, and all the fast trains between Kettering and the capital will disappear, because of capacity constraints on the midland main line, inadequate line speeds and the Department's insistence that services between Sheffield, Nottingham, Derby and the capital be sped up. Can the Secretary of State reassure my constituents in Kettering that the line speed upgrades that he has just promised will ensure that those services are reinstated to Kettering as soon as possible?

Mr. Hoon: I have admired the consistency with which the hon. Gentleman raises issues of behalf of Kettering and his constituents, but I thought that he was less than generous in his observations about improvements on the midland main line, not least those that affect Kettering. Not only will significant investment improve line speeds, but a new timetable that comes into force in December is likely to provide two trains an hour from Kettering to London, one of which will actually start in Kettering. As he will be aware, there are times when those of us who catch the train from further up the line at Derby, Nottingham and Leicester fill it before his constituents have the opportunity to get on. Starting a train at Kettering and having an hourly service direct from Kettering to London will mean that his constituents are well served. I hope that when he goes from this place and talks about the remarkable improvements in the service from Kettering, he will give them a bit more praise than he has so far.

Sir Peter Soulsby (Leicester, South) (Lab): I welcome the Secretary of State's positive response to the question, and I know that he knows the line very well. Does he agree that the most significant improvements to it can be achieved only as a result of electrification? Does he share his predecessor's commitment to a study of electrification, and does he recognise that, uniquely among main lines, this one has a very positive cost benefit attached to it?

Mr. Hoon: I am grateful to my hon. Friend for raising that issue. He will be aware that I take a close, indeed personal, interest in the midland main line, as a regular user of it. I certainly share my predecessor's enthusiasm for electrification, and I assure my hon. Friend that the Department will examine it very closely.

Mrs. Theresa Villiers (Chipping Barnet) (Con): I welcome the new ministerial team to their posts. Typical—you wait months for a new Transport Minister, then three come along at the same time.

The Secretary of State's predecessors promised extra carriages. How many have been ordered for the midland main line?

Mr. Hoon: I thank the hon. Lady for her welcome. I remember her as an enthusiastic Member of the European Parliament, where she had a deserved reputation for a practical and pragmatic approach to issues. I am sorry that on her return from Brussels to Notting Hill she seems to have fallen in with a bad crowd. Nevertheless, I look forward to answering her questions, not least on the midland main line. I am delighted that she is so enthusiastic about it that she has chosen this matter to discuss with me. I use the line on a very regular basis and I can assure her, as I have assured Labour Members, that close attention will be paid to future investment in the midland main line.

Mrs. Villiers: I think that the answer that the Secretary of State is groping for is actually "zero". The Government's response to congestion on the midland main line and the rest of the network is wholly inadequate and painfully slow. He cannot even give a straight answer about the new carriages that they have promised time and again. Will he deliver all 1,300, and will they be in addition to the new Thameslink carriages? If he really wants to tackle congestion on the rail network, will he work with me on a cross-party basis to take forward plans for high-speed rail for this country?

Mr. Hoon: Again, I am sorry to hear such a grudging view of the investment in the railways that the Government are planning. We have proposed to spend £15 billion on improving our rail network, of which £10 billion will be devoted to reducing congestion. That is an enormous commitment. I am sorry that the former Conservative Chancellor of the Exchequer is not in his place, because he will know that no previous Conservative Transport Secretary could ever have made that commitment. I am proud that my predecessors were able to secure such support from the Treasury to allow that investment to go ahead.

Rob Marris (Wolverhampton, South-West) (Lab): May I suggest to my right hon. Friend that with the £15 billion of investment, to try to increase rail line speeds and reduce train congestion, we should nationalise the railways, just as we are nationalising the banks, by not renewing the franchises as they fall due? Many of those franchises, just like the banks, are bankrupt and would not be operating except for huge Government subsidy. Let us move the railways back into state ownership. What are his views on that?

Mr. Hoon: I think that I am grateful to my hon. Friend for his question—I may have to reflect upon it. I am sorry that he takes that view of the contributions that have been made by train operating companies, not least because there has been a remarkable change in the usage patterns on the line that we have just been debating, the midland main line. Whereas trains used to stop only at Derby, Nottingham and Leicester on their way south, passing all the stations in between, there is now an

hourly service from stations such as Kettering right down the line, and that has made a huge change to the usage. A further change has been the way in which off-peak services have attracted rail users. When I travelled down from Derby to London on Saturday, the first class compartments were full. In the days of the nationalised railways, those compartments would, sadly, have been completely empty on Saturdays. I hope that he gives some credit to the innovation that the private sector has brought. The position of Network Rail has clearly changed in recent times, and we ensure that Network Rail provides a safe and reliable system for users of the rail network. Thus, on balance, I shall probably resist his invitation.

Norman Baker (Lewes) (LD): I formally welcome the Secretary of State to his post on behalf of the Liberal Democrats, merely observing that the average tenure of office of a Secretary of State for Transport since 1945 is considerably less than 18 months—that is, of course, some way short of the next general election.

On the midland main line, is not one of the causes of the capacity constraints and the failure to electrify the cuts that have been made to the Department for Transport's budget? Rather than the investment that the Secretary of State mentions, the reality is that the rail budget has reduced by 17 per cent. this year and is now lower than in 2003-04, whereas the road budget has doubled. Given that, and given the Secretary of State's unhelpful response to the Select Committee on Transport on the subject of fares and his support for aviation, is it not clear that the new Transport Secretary is no friend of either the railways or the environment?

Mr. Hoon: I thank the hon. Gentleman for his qualified welcome. He and I had many dealings in my time at the Ministry of Defence, and I always admired his ability to dig himself into a trench and launch a constant barrage at what he perceived to be the enemy; sadly, he sometimes did so after the war had finished. Nevertheless, I look forward to debating these issues with him. As a start, he might perhaps like to examine the remarkable increases in investment in the railways and the remarkable improvement in passenger journeys on our trains. I assure him that while I am Secretary of State for Transport—however long that might be—there will be no lack of investment in or commitment to our rail network.

Topical Questions

T1. [228345] **Mr. Gordon Prentice** (Pendle) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Transport (Mr. Geoffrey Hoon): With permission, Mr. Speaker, I would like to take this opportunity to set out to the House the new ministerial responsibilities in the Department for Transport. I shall, of course, maintain an overview of all transport policy. My noble Friend Lord Adonis will take responsibility for our national road and rail networks, the environment and climate change. The Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), will cover our international aviation and maritime networks, road safety and transport security. The Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark), will take responsibility for all our local transport networks, including responsibility for buses, taxis, cycling, light rail, walking and general accessibility policy. That role is known otherwise in the Department as the Minister for Adjournment debates.

Mr. Prentice: May I repeat a suggestion that I have made to every single one of the Secretary of State's predecessors whom I have encountered, but without success? Why not set up in his Department a dedicated unit of civil servants to work with people outside to reopen disused and dismantled railway lines? That is crying out to be done. I have a railway in my constituency between Skipton and Colne, and I am sure that it would benefit if he had the best minds in his Department working on this issue to re-establish a railway that was closed in 1975.

Mr. Hoon: I am grateful for my hon. Friend's consistency on this question. I am sure that, with his commitment to local government and democracy, he will not mind me saying that if there is a strong local case for reopening railway lines, the case can be made and brought to the Department, where it will be looked at favourably. I am sure that he would not want me to interfere in these matters from the lofty heights of central London, as it would be better if he could persuade the local authorities along the line in question to make the case for reopening the line and to get on with it.

Mr. Greg Knight (East Yorkshire) (Con): I welcome the Secretary of State to his new role. Will he now focus his mind on what is scheduled to happen on Monday next week, when we are due to debate the remaining stages of the Local Transport Bill? Is he aware that already 68 pages of new clauses and amendments have been tabled, many of them by the Government? There is still time for more to be added. On reflection, does he agree that one day's debate is woefully inadequate, and will he have a word with the Labour Chief Whip to point out that this situation verges on contempt of Parliament and that we need two days?

Mr. Hoon: I am grateful for that welcome. Having served as Chief Whip and as Leader of the House, I am reluctant to interfere in the wise decisions made by the business managers. I know that the Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham, is looking hard at the amendments and trying to find a sensible way to deal with all of them. It is a matter for the business managers to allocate time, and I am confident that there will be sufficient time for a full and proper debate of the remaining stages of the Bill.

T5. [228349] **Mr. Lindsay Hoyle** (Chorley) (Lab): Can Ministers look into the situation whereby Chorley borough council was granted £4 million by Royal Ordnance to provide a new railway station at Buckshaw in Euxton? The cost was estimated at £4 million, but Network Rail now says that it needs £6 million to build that new railway station. It comes on the back of a wagon, so why will it cost £6 million? What can Ministers do through their good offices to bang heads together to get that railway station up and open?

Mr. Hoon: My hon. Friend was a persistent questioner at Defence questions and I am delighted to see him in his usual place for Transport questions. On the particular issue that he raises, I may need a little more notice to answer his question in detail, but I assure him that he will get a full and complete answer.

T2. [228346] **Andrew Rosindell** (Romford) (Con): The Secretary of State will be only too aware of the magnificent work carried out by the brave men and women of the Royal National Lifeboat Institution, who take part in nine out of 10 sea rescues around our shores. Will he comment on the impact on safety at sea if Ofcom gets its way and decides to introduce charges for VHF frequencies for rescue charities such as the RNLI?

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I fully agree with the praise heaped on the RNLI by the hon. Gentleman, as I am sure does the whole House. I was lucky enough to visit its headquarters in Poole only a few months ago, and I saw for myself the excellent facilities and the plans to improve them even further. I am sure that he knows that the spectrum issue is the subject of consultation that is about to close. I can assure him that the issues that he raises have been brought to the attention of the appropriate authority. Issues remain to be resolved, but I can assure him that we are involved, and as a result of this exchange, his concerns will be fed back to the Department involved.

Ms Katy Clark (North Ayrshire and Arran) (Lab): The Minister will be aware of the concern among offshore workers following recent guidance from the Treasury on the seafarers' earnings deduction. Will he confirm that he has spoken with the Treasury about that and assure offshore workers that they will not be adversely affected by the guidance?

Jim Fitzpatrick: The Department has had informal discussions with Nautilus UK and Her Majesty's Revenue and Customs following the special commissioner's decision in the Pride of South America case. Although there have not been any discussions with the Treasury, I understand that my right hon. Friend the Financial Secretary to the Treasury is aware of the concerns raised by the decision. HMRC will work closely with stakeholders on the interpretation of the commissioner's decision to ensure that it is implemented in a fair and practical way.

T3. [228347] **Mr. Simon Burns** (West Chelmsford) (Con): Has the Minister had an opportunity to read the conclusions of the independent inquiry set up by Essex county council—his noble Friend Lord Whitty took part in it—to look into the problems of congestion and traffic accidents on the A12? Is the Minister aware that the A12 is probably the main road into the hinterland of the east of England, leading to the ports at Harwich and Felixstowe? What are the Government prepared to do to assist Essex county council in funding the improvements that are badly needed?

Jim Fitzpatrick: The A12 has been referred to by the hon. Gentleman and other hon. Members before. As he knows, the matter has been under consideration for some time. In respect of road accidents and collisions, we are about to launch the consultation early next year on our post-2010 strategy. We are looking at the EuroRAP—European road assessment programme—assessment system for roads, whereby accident rates are fed into that which ought to be done to reduce casualties and instances of death and serious injury. The A12 may well be prioritised above its station, given the description that the hon. Gentleman has just provided, but it will form part of a strategy for 2010 onwards.

Mr. John Leech (Manchester, Withington) (LD): In welcoming the Secretary of State to his new position, may I urge him to review the drink-drive limits and to make proposals to bring us into line with most of the rest of Europe?

Jim Fitzpatrick: The Department is on record as saying that we will issue relatively soon our consultation on drink-drive limits as well as on compliance and enforcement on a range of other issues, such as driving with drugs, careless driving, speeding and so on. That consultation will come out shortly. We have said so far—we have been misreported in the press—that we will not recommend a reduction of the limit to 50 mg, in line with other European countries. We have said that it might not and probably will not be one of our recommendations, but having a drink-drive consultation obviously opens up the question. There are strong feelings on the issue, so we fully expect that a number of organisations will argue for such a change. The evidence will be tested against those submissions and we will look at the conclusions in due course. Although some other European countries have a 50 mg limit, they do not have the same penalties as us for drink driving. Some have a points penalty and a fine, and their record on road safety is not as good as the UK's. The issue is complex and emotive, and I am sure that it will be fully examined as a result of the consultation.

T6. [228350] **Mr. Laurence Robertson** (Tewkesbury) (Con): The Secretary of State referred to the Office of Rail Regulation's consultation, part of which is a proposal to double the line between Swindon and Kemble—a proposal that many of us in Gloucestershire have been fighting for for many years, with good reason. The line between Gloucester and Cheltenham and London is totally inadequate for a city and town the size of Gloucester and Cheltenham. Will the Secretary of State have a word with the office and stress how important that proposal is?

Mr. Hoon: Of course, the office is totally independent, and its remit is independent of the Department for Transport. Nevertheless, I am grateful to the hon. Gentleman for raising yet another illustration of where the significant investment that the Government are making available to the network might produce benefits by reducing congestion and improving journey times. I hope that those on his Front Bench can emulate the commitment to railways that the Government have made.

T7. [228351] **Tony Baldry** (Banbury) (Con): The Chancellor of the Exchequer says that he is bringing forward public building programmes. Will the Secretary of State be very kind and bring forward the upgrading and improvement of junction 9 on the M40? It is work

that seriously needs to be done if we are to see the development of Bicester. The last group of Transport Ministers undertook to get the work done, and it would be really good news if the right hon. Gentleman would get on with it.

Mr. Hoon: I shall take that as an early Budget submission.

T8. [228352] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): May I ask the Secretary of State to have an early look at the actions of the Driving Standards Agency with regard to the introduction of the new motorcycle test? The agency believes that it is acceptable to require people from Orkney to travel to Wick on mainland Scotland to take their test. Will he join me in impressing on the DSA that that is not acceptable, and that provision needs to be made available within the island groups?

Jim Fitzpatrick: I assure the hon. Gentleman that the DSA keeps under close scrutiny the new arrangements that will be introduced in due course for the new multi-purpose test centres and the new motorcycle test. He will know about the criteria that have been laid down, and we are aware that they do not fit in certain parts of the country. We will look very closely at the arrangements that will be in place for his and other constituencies. We have deferred the introduction of the new test for six months because of the concerns expressed by the motorcycle training sector. That shows that we are listening, as we will continue to listen, to representations from hon. Members.

WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Equality Bill

1. **Mr. Mark Harper** (Forest of Dean) (Con): When she expects the Equality Bill to be ready for introduction. [228315]

The Parliamentary Secretary, Government Equalities Office (Maria Eagle): We are making good progress in preparing the Bill. It is a significant challenge to simplify all the existing legislation and to strengthen protection in the ways that we are proposing. I therefore cannot give a precise answer as to the timing of the Bill's introduction, but the House can rest assured that we are getting on with it and that the Bill will be introduced when it is ready.

Mr. Harper: I am grateful for that response, and wish the Parliamentary Secretary no insult when I say that I hope that the Minister for Women and Equality will be back with us shortly and in time for business questions on Thursday. I am interested in the Parliamentary Secretary's answer, as the director general of the Government Equalities Office suggested in an interview in *Whitehall and Westminster World* on 27 August that the Bill would be introduced to the House at the end of February or in early March. I received a written answer from the Parliamentary Secretary's predecessor on 6 October that simply committed to it happening sometime during this Parliament. Perhaps she cannot give us an exact answer, but will she give us some idea as to whether the director general's suggestion about February or March is accurate, or whether the Bill will be introduced later? That would be very helpful to all the organisations that wish to lobby us about the contents of the Bill.

Maria Eagle: When preparing legislation, I am a great one for pressing for it to be brought forward as soon as possible, but I am also keen to make sure that it is in a fit state to be dealt with properly by this House. I think that that is desirable, but I have been doing this particular job for only a week and a half and I do not wish to commit myself to a precise date. *[Interruption.]* No, the Bill is in a fit state, but I and my officials will be pressing to make sure that it is introduced in the best possible state and as soon as possible.

Julie Morgan (Cardiff, North) (Lab): Does my hon. Friend agree that the measures in the Equality Bill should apply in good times and in bad, and that progressive policies that address inequality, such as the right to request flexible working, should not be the first to go when there is a downturn in the economy?

Maria Eagle: I agree completely with my hon. Friend. I also agree with my right hon. Friend the Chief Secretary to the Treasury, who said yesterday that we will carry on supporting flexible working, because a whole load of people need it. That is absolutely true, and it is important that fairness is at the forefront of our employment practices at times of economic downturn as well in the good times. We intend to make sure that it remains that way.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The timetable for the Equality Bill has slipped already, and we now hear that the Government are seriously considering scrapping their commitment to the right to an extension of flexible working and paid maternity leave. Given that, and the importance that the Minister for Women and Equality places on the Bill, will the Parliamentary Secretary give a firm commitment that the Bill will be on the statute books before the next general election?

Maria Eagle: I think that the hon. Gentleman is overreacting to coverage in the newspapers that has gone a bit too far. His own party has also had coverage in the newspapers. On the Sunday before last, *The Observer* suggested that the shadow Secretary of State for Work and Pensions was saying that flexibility should be scrapped immediately and that there should be less regulation of businesses, by which he meant less employment protection. There are different signals coming out of the hon. Gentleman's party. At the same time, the right hon. Member for Maidenhead (Mrs. May) is proposing a private Member's Bill—

Mr. Speaker: Order. I must say to the Minister that she should be speaking about the responsibilities of her Department. We will leave it at that.

Judy Mallaber (Amber Valley) (Lab): In reviewing the equality legislation, will my hon. Friend take full account of last week's debate on the report on women and work by the Business, Enterprise and Regulatory

Reform Committee, including its recommendations on flexible working, introducing clarification on the use of public procurement to promote such policies, and ensuring that businesses meet their requirements to promote equality?

Maria Eagle: I am happy to give my hon. Friend that commitment. As she is aware, public procurement is worth up to £160 billion of business in any particular year. It is sensible that the Government's commitment to closing the gender pay gap and promoting equality should make use of that purchasing power. When the new Bill gets on to the statute book, which will be as soon as possible, it will ensure that the purchasing power of public procurement can be used to promote these desirable objectives.

Public Service Employment

2. **Mr. Philip Hollobone** (Kettering) (Con): What discussions she has had with the Equality and Human Rights Commission on organisations which discourage people from ethnic minority backgrounds from seeking employment in public services. [228316]

Maria Eagle: I have not yet had any formal discussions with the Equality and Human Rights Commission. I will have a formal meeting for the first time in November.

Mr. Hollobone: Does the Minister agree that it is an absolute disgrace for the Black Police Association actively to discourage black people and those with Asian backgrounds from joining the Metropolitan police service? What action would the Government take against an organisation that said that only white people should join a public service?

Maria Eagle: The hon. Gentleman has every right to that opinion, but the Black Police Association is a self-organised group that is entitled to say what it wishes about the experience of black people in the police, on which it has a perspective. My right hon. and learned Friend the Minister for Women and Equality has strongly supported the Home Secretary's decision to set up a nationwide inquiry into the recruitment and promotion prospects of ethnic minority people in the police service. It is right that the Equality and Human Rights Commission should have an interest in the fact that ethnic minority employment is 15 per cent. below the national average. The extent to which that is caused by discrimination is a matter for the commission, but the individual views of people in a self-organised group are not.

Adoption

3. **Paul Rowen** (Rochdale) (LD): If she will review the adequacy of the leave entitlements of those about to adopt children. [228317]

Maria Eagle: The Government have a strong record on supporting working families, including those looking to adopt children. I am pleased to say that since April 2003 couples and individuals who are adopting children have had the right to take up to 52 weeks' adoption leave provided that they give their employers sufficient notice. This is equivalent to the rights to maternity leave.

Paul Rowen: I welcome the Minister to her place. I accept her answer, but is she aware that couples who are adopting are given approximately only 50 per cent. of the paid leave available for couples who have their own children? I have encountered two cases in which that has happened. Does she agree that given that those children often need more support, their adoptive parents should be able to have the same amount of maternity or paternity leave as is given to other couples? That would be a big help.

Maria Eagle: The hon. Gentleman will have to talk to me outside about individual cases, which I am happy to take up on his behalf. Women who have given birth are required by law to take time off—a minimum of two weeks if they work in an office or four weeks if they work in a factory. Maternity pay for the first six weeks after a mother has given birth is now 90 per cent. of her pay. He may be referring to the fact that that is different for those who are adopting. If I have got that wrong, I am happy to talk to him about the precise circumstances of his constituents and try to provide him with an answer. He will recall that until April 2003, those adopting children had no right to any leave or pay for that purpose. I hope that he therefore accepts that this is an advance.

Lynne Featherstone (Hornsey and Wood Green) (LD): I welcome the Minister to her place. Given the change in the law, what monitoring are the Government doing to ensure that same-sex couples are not excluded from adoption, particularly by religious agencies and particularly in light of recent reports that the Catholic Children's Society (Westminster) is openly trying to dodge that new law?

Maria Eagle: The law relating to that issue applies equally to all adoption agencies. There was a 20-month transitional period, as the hon. Lady may recall, for the Catholic adoption agencies, which had particular concerns, to adjust their policies and procedures to comply with the law. That is due to end on 31 December 2008. It would be unacceptable to have an exception in the law for any agencies that were offering publicly funded services in respect of regulations designed to prevent discrimination. Statistics are collected about adoptions, and I can assure my hon. Friend that it will be possible to use them to check whether any discrimination is taking place.

Equality Panel

4. **Miss Anne Begg** (Aberdeen, South) (Lab): What the objectives are of the equality panel; and if she will make a statement. [228318]

Maria Eagle: The Government have a proud record of tackling inequality. By introducing the national minimum wage, extending flexible working and expanding access to child care, we are seeking to level the playing field. My right hon. and learned Friend the Minister for Women and Equality set up the national equality panel to help us do more. Its objective is to close the gaps in

our current understanding of inequality and to examine, for instance, why even today, by the age of six, talented children from poor families are overtaken by less talented children from richer families.

Miss Begg: I accept that, as my hon. Friend says, the Government have a good record on the entire equalities agenda, but there is still much to do, particularly in relation to the gender pay gap and, as she said, the life chances of children brought up in poverty. Will she confirm that it is the Government's intention to carry on making sure that the equalities agenda is at the top of their agenda, especially as in times of economic downtown, that may be one of the areas to which less attention is paid?

Maria Eagle: I agree with my hon. Friend that there is still more to be done and we intend to do it, not only through the provisions that will be enacted in the Equality Bill when it is taken through the House, but by increasing the transparency of what goes on so that we can better understand the causes of inequality. She knows that across Government we have a number of public service agreement targets, which are designed to make sure that we reduce health inequalities, close educational attainment gaps between those who are deprived and those who are less deprived, narrow the gap in employment for those who are disabled, lone parents or members of ethnic minorities, and increase equality generally. We are setting ourselves tough targets to ensure that we do that, and I can assure her and the House that we will continue to make progress.

Fiona Mactaggart (Slough) (Lab): As a former Minister for disabled people, my hon. Friend is aware that traditionally there have been people across Government in various Departments who have championed different equalities issues. Now, in her present role in the Ministry of Justice, she is expected also to take responsibility for equalities. Is she able to call on champions in every Department to ensure that all these issues are mainstreamed in every Department?

Maria Eagle: I certainly hope to be able to do that. Going into my eighth year as a Minister, I am starting to feel as though I have been in every Department and had to deal with these issues. I am able to call upon that experience. The public service agreements and targets across Government, which are cross-cutting and which I mentioned in answer to my hon. Friend the Member for Aberdeen, South (Miss Begg), indicate that the whole Government are committed to the equalities agenda and that we are increasingly mainstreaming our efforts in that regard.

Trafficked Women

5. **Mr. Peter Bone** (Wellingborough) (Con): What discussions she has had with ministerial colleagues on the number of places made available in refuges to women who have been trafficked for the purpose of sexual exploitation. [228319]

Maria Eagle: The interdepartmental ministerial group on human trafficking, of which I am a member, regularly discusses that subject. This year, the Government invested a further £1.3 million in the POPPY project to support these vulnerable victims, taking the total to £5.8 million since 2003. That provides 35 supported accommodation places. The Government will expand the support services for the victims next year as part of our commitment to implement the Council of Europe convention against trafficking in human beings.

Mr. Bone: I am grateful to the veteran Minister for her response. Does she agree that 35 places are far too few, given the thousands and thousands of victims of human trafficking? There is a great imbalance.

Maria Eagle: I agree that we need to do more. In fact, we are now developing a national referral mechanism that will enable the POPPY project or similar accommodation projects to take referrals from other areas to ensure that we develop more capacity for helping the vulnerable victims of a horrific offence.

Mary Creagh (Wakefield) (Lab): Is not the imperative now to expand the model created by the POPPY project across the country? We do not want young women who have been sexually exploited coming to just one area—basically, south London—and putting pressure on housing, although we hope that they are granted leave to remain. As we consider rolling out the model, is it not important that joined-up agencies work together for those women, who have often been the victims of violent and sexual crime?

Maria Eagle: My hon. Friend will be aware that the POPPY project takes referrals from areas other than just London. Via the interdepartmental ministerial group on human trafficking, I am liaising with my ministerial colleagues on funding to try to make sure that we can expand our capacity to deal with the victims of those horrific offences and ensure that the women get proper support once we have managed to get them out of the exploitation into which they have been trafficked.

Driving Instructors Convicted of Sexual Offences (Suspension)

3.37 pm

Willie Rennie (Dunfermline and West Fife) (LD): I beg to move,

That leave be given to bring in a Bill to make provision for the immediate suspension from the Register of Approved Driving Instructors of driving instructors convicted of sexual offences; and for connected purposes.

I am standing here today because of a brave young woman called Lesley Anne. Learning to drive can be a stressful experience; people have to learn all the signs and how to do three-point turns and hill starts. They should not also be thinking that their driving instructor could be a sexual predator. Lesley Anne Steele's was, and almost three years ago she suffered a humiliating and degrading sexual assault. Thankfully, her instructor, James Bennett from west Fife, was convicted. Yet even after that conviction, he continued to be a threat to young women, as he was permitted to continue as a driving instructor.

However, picking Lesley Anne as one of his victims was the biggest mistake that Bennett made. She is not to be messed with at all, and has a steely resolve—Steele by name, steel by nature. She was determined that what happened to her would never be allowed to happen again and waived her right to anonymity so that she could tell her story. That is when she got me involved.

Shortly after the incident, Lesley Anne wrote to me:

"On the day of the trial, Mr Bennett was found guilty of assaulting me and with immediate effect was placed on the sex offenders' register. I was relieved that this was finally over and thought that Mr Bennett wouldn't be allowed to continue to teach. The following day I received a call from a friend who had just seen Mr Bennett out teaching. Then my partner spotted Mr Bennett on the Monday, picking up a pupil close to our house."

Now, that is rubbing her nose in it. He was close to her house, in the small village that she lives in.

Together, Lesley and I have discovered massive failings in the Driving Standards Agency and loopholes in the law. Lesley Anne received an apology from the predecessor of the Minister here today, and the DSA and the then Minister made commitments to make substantial changes. Many of those changes were made, but the law remains the same. All of that happened two years ago. I am frustrated that such urgent legislative changes have still not been made.

There are more than 40,000 approved driving instructors in the UK in whom we entrust our safety on the roads. The overwhelming majority of them are upstanding members of society. My issue is not with them, but with those who seek to tarnish their reputation—those who are a threat to our learner drivers. The nub of the issue is that the Driving Standards Agency does not have the right to suspend an instructor from the register of approved driving instructors. It does have the power to remove, but only after the full procedure is followed, including an individual's right to appeal. If the offence committed is serious, but not serious enough to warrant a custodial sentence, the instructor could operate for a further 42 days after conviction. I have no objection to the individual's right to dispute the proposal to remove, but I do not see why that cannot be undertaken under suspension. The Government agree with me, and I want to give them some credit for the progress that they have made.

First, the Minister at the time admitted that there was a loophole, and admitted the mistakes that had been made and the flaws in the system. He made a personal apology to Lesley Anne, and I thank him for that. Secondly, the DSA and the Government introduced enhanced criminal record checks for all current and future instructors. That process, conducted during the past year, weeded out eight offenders who can no longer pose a threat to learner drivers. If it were not for Lesley Anne, those people would still be on the road. Thirdly, they changed the complaints procedures and customer care, so that complaints, such as those made by Lesley Anne, will be dealt with in a more sympathetic and effective manner. However, it should not require the involvement of an MP to get such a complaint dealt with seriously. The profession of driving instructor is now a notifiable profession for the Home Office and the Scottish Executive. If an instructor is convicted of an offence, the DSA is automatically notified, which was not the case before.

However, despite that progress, it is regrettable that two years on, the loophole of a lack of power to suspend remains in place. Some have suggested that instructors should be suspended immediately on being charged, not just when they are successfully prosecuted. However, the requirement to prove guilt, rather than simply allege, is a right that must be protected. Malicious allegations should not be permitted to have more effect that they already do. During a debate in Westminster Hall in November 2006, the then Minister, the hon. Member for South Thanet (Dr. Ladyman), told me:

"Current legislation is clearly deficient, and we need to change the law through primary legislation as soon as we can to ensure that we have the power to suspend people immediately on conviction for such offences." —[*Official Report, Westminster Hall*, 28 November 2006; Vol. 453, c. 54WH.]

In the past two years there has been at least one case of a driving instructor being successfully prosecuted but not jailed for that offence. David Austin from Suffolk was convicted of sexual assault. I understand that he has been removed from the register, but I do not know whether he was teaching after conviction and before he was removed. If he did not teach, it was his choice, because it is not within the DSA's power to remove him. That must change. We must remove the power from those individuals to continue teaching.

Doing research for the debate, I discovered that the problem was identified before I raised it today. In 2005, in the *Rochdale Observer*, there was a story on a driving instructor who was convicted of sexual assaults on female pupils but who continued to teach. The article read:

"Despite being found guilty of nine offences last month, Peter Knowles, aged 67, has a legal right to keep giving lessons according to the Driving Standards Agency."

The DSA knew about the situation earlier than the point at which I raised it in the House, which makes it more difficult to understand why we have not made any further progress two years on.

If my Bill does not make progress today, I hope that my contribution in the Chamber will spur on the Government—perhaps by some other mechanism—to introduce the legislation that is required. If the power to

[Willie Rennie]

suspend is not introduced immediately, we will not be performing our duty to do everything that we can to protect learner drivers.

Lesley Anne has now passed her driving test and is a very proficient driver, no thanks to her instructor. She also recently married and is enjoying life. Let us pass the legislation and get the situation sorted, for her sake and for the thousands of young women who learn to drive every year. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Willie Rennie, Mr. Mark Lancaster, Ms Katy Clark, Nick Harvey, Mr. Adam Holloway, Gordon Banks, Jo Swinson, Linda Gilroy, Mr. Alan Reid, Danny Alexander, John Barrett and Mr. David Hamilton.

Driving Instructors Convicted of Sexual Offences (Suspension)

Willie Rennie accordingly presented a Bill to make provision for the immediate suspension from the Register of Approved Driving Instructors of driving instructors convicted of sexual offences; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Monday 27 October, and to be printed [Bill 154].

Opposition Day

[19th Allotted Day]

Immigration Controls

Mr. Speaker: We come to the main business. I inform the House that in both debates I have selected the amendments in the name of the Prime Minister.

3.46 pm

Damian Green (Ashford) (Con): I beg to move,

That this House notes that the Government's immigration policy has resulted in a quadrupling of net immigration since 1997; further notes that the European Commission predicts that the UK population will reach 77 million by 2060; further notes that the Select Committee on Communities and Local Government said in July that the pressure on resources as a result of this level of immigration 'increases the risk of community tensions escalating'; further notes that the Chairman of the House of Lords Committee on Economic Affairs said in April that 'the argument put forward by the Government that large-scale immigration brings significant economic benefits for the UK is unconvincing'; and calls on the Government to introduce a limit on economic migration from outside the EU, to ensure that immigration remains a real benefit to the country's economy and its public services and to reform the marriage visa system to encourage better integration into British society.

My first task is to welcome the new immigration Minister to his job, and it is a real pleasure to do so. He has made an impact already; indeed, he has made such an impact on the Home Secretary that she has decided that it might be wiser not to let him open the debate for the Government. It would be useful for the House to discover what he has said that she disagrees with.

The immigration Minister gave an interview on Saturday in which he said that he wanted a limit on the numbers coming to Britain. That sounds sensible. In fact, it sounds like every interview that I have given on the subject for the past two years. Sadly, he gave another interview on Sunday, in which he said the opposite, describing talk of a limit as nonsense.

I can only assume that the second U-turn came after a talk with the Home Secretary, because she has spent the past two years energetically criticising the policies that on Saturday the Minister said he would introduce. She spent two years saying that any limit on immigration would be arbitrary and unworkable. Her immigration Minister now wants a limit. She spent two years saying that there are huge economic benefits to immigration at any level. He says that it has been too easy to get into this country.

I do not want to be unfair on the Minister and accuse him of disagreeing only with the Home Secretary. He also disagrees with himself. There are so many contradictions in what he has said that I will ask her to comment only on the main one. In his now notorious interview with *The Times* on Saturday, he said:

"We have to have a population policy and that means at some point we will be able to set a limit on migration."

He is nodding—that is Conservative policy, and that is a good thing. However, on "The Politics Show" on Sunday, the Minister was asked by Jon Sopel,

"don't you want to go further and put a cap on the total population?",

to which he said:

"Well I think frankly Jon, there's a lot of nonsense talked about the cap."

Not unreasonably, Jon Sopel said:

"hang on, so there will be a cap or there won't be a cap?",

to which the Minister replied:

"Well you tell me what you mean by a cap Jon and I'll tell you the answer".

So on Saturday he wants a limit and on Sunday it is nonsense to want a limit.

I am happy to say that there has been more clarity in the Minister's subsequent interviews. He is completely clear in *The Guardian* today, where he is quoted in the headline as saying, "We have lost people's trust on immigration". He is right about that, but the Home Secretary might care to explain why her junior Ministers are going around admitting that her policies are a disaster. Is she a little worried by this? If not, she should be.

The Minister went further in the speech that he made yesterday. To give balance, I shall quote him this time in *The Daily Telegraph*. According to that newspaper, he said that the Government had

"implemented policies that had damaged both those moving to the country and the existing population."

He also went a long way on asylum policy, saying that the Government's asylum policy had caused

"untold human misery and division".

He is right, although those are strong words. He made his best point while praising Dutch immigration policy, saying:

"We are about 10 years behind."

Perhaps he would like to explain who has been in power during those 10 years in which immigration policy has been such a failure.

I think that we can now leave the Home Office team to sort out their differences—[Hon. Members: "More!"] I should love to give my hon. Friends more, but it is important to hear what the Home Secretary has to say about her junior Minister. It is also important to establish whether his candid admissions of failure have any substantial policy changes behind them. Even if we take the words in his Saturday interview at face value, there is a serious problem. Sometimes, he seems to be arguing that unlimited immigration was okay during the economic boom, but that it will not work for the economic bust that we are now experiencing. At other times, however, he argues that we need to treat this as a demographic problem. When he says that, he makes a lot more sense.

My right hon. Friend the Member for Witney (Mr. Cameron) made it clear a year ago that the Conservatives believe that population growth has been too fast and that it must be put on a more sustainable course. To achieve that, however, we need properly controlled immigration numbers at all times, not just in a recession. Without a limit, we cannot plan our public services properly, we would have little incentive to improve the training of unemployed people, and, most of all, we would make it more difficult for new arrivals to integrate easily and quickly into British life. I want an immigration policy that will help to make Britain a less tense, more cohesive society. One big charge that the Government must answer is that, over the past 10 years, they have achieved exactly the opposite.

Mr. Frank Field (Birkenhead) (Lab) *rose*—

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab) *rose*—

Damian Green: I shall give way just once or twice, because I am aware that many people want to speak in the debate. I shall give the co-chairman of the all-party group on balanced migration the first go.

Mr. Field: Given that the hon. Gentleman has now committed his party so clearly to introducing a cap, will he tell us where he will draw the cap?

Damian Green: The right hon. Gentleman will be pleased to hear that I shall be coming to that point later.

Some of the Minister's remarks over the weekend not only set out the problem but threatened to make things worse. When he says:

"I've been brought in to be tougher…If people are being made unemployed, the question of immigration becomes very thorny",

he is getting alarmingly close to blaming immigrants for rising unemployment. It is the duty of every moderate politician to exercise great restraint when addressing this subject. For the past decade, Labour has been the incompetent party on immigration. The Minister is in danger of making it the nasty party on immigration as well.

The chaos inside the Home Office is frustrating, because there is a chance for a new political consensus on immigration—perhaps symbolised by the formation of an all-party group. I think that we all agree that immigration can produce economic and social benefits, but it will do so only if it meets five criteria. First, it should be under control. Secondly, people need to know that there is a limit, and that there will be no sudden surges. Thirdly, people need to have confidence that the authorities are competent to deal with illegal immigration. Fourthly, our essential public services need to be able to cope with the number of people arriving. Fifthly, immigration policy must aim to attract people who will be of considerable benefit to our economy and our wider society.

Dr. Starkey *rose*—

Mr. Denis MacShane (Rotherham) (Lab) *rose*—

Damian Green: What a choice! I will give way to the right hon. Gentleman, as he has been commenting on this issue over the weekend.

Mr. MacShane: Will the hon. Gentleman define an immigrant for the purposes of this debate? Are Irish non-British citizens immigrants? Are the Europeans who are allowed to live and work here—as we can in any European country—immigrants? They all require housing, schooling and health services. Before we get much further into the debate, will he tell us what the Tory definition of an immigrant is?

Damian Green: What the right hon. Gentleman characterises as a Tory definition of an immigrant is exactly the same as his own Government's definition, which is someone who comes here for more than 12 months. I am glad that he intervened, as it reminds me

[Damian Green]

that he made a thoughtful point in *The Observer* on Sunday—*[Interruption.]* I am full of generosity of spirit today. The right hon. Gentleman said that the new immigration Minister's comments

"risked triggering an 'auction' in which political parties competed for the most anti-foreigner soundbites."

I agree. What I have just said is that the Conservative party will not participate in that auction and I hope that the right hon. Gentleman can persuade his colleagues and his Ministers not to participate in it.

Dr. Starkey: The hon. Gentleman's motion quotes the report by my Select Committee on Communities and Local Government. I simply ask him to confirm that the Committee took no view on the level of immigration and that the parts he quoted referred to local pressures, particularly the fact that the funding that accrues to central Government from immigration was not redirected to local areas to deal with the pressure on local services?

Damian Green: What the hon. Lady's Committee said—I have the quote here—is:

"The... pace of change... in some areas has"

resulted in migration becoming

"the single greatest public concern in Britain, overtaking concerns on crime and terrorism."

That is exactly right. It is precisely the pace of change that has got out of control under the hon. Lady's Government. We have had net immigration of just below 200,000 a year and it is precisely the argument of Conservative Members that if we carry on like that, we will carry on exacerbating the strains and problems that people perceive in immigration policy.

Several hon. Members *rose—*

Damian Green: I have given way enough for the time being.

The fact that the Government's policy is failing is sort of admitted by the hon. Lady's own Minister, so it need not be a matter of controversy between us. The question is what we can do to alleviate the problem.

Mr. Humfrey Malins (Woking) (Con) *rose—*

Damian Green: I will give way to my hon. Friend, but that will be for the last time.

Mr. Malins: Does my hon. Friend agree that the total inefficiency of the Government and the Home Office over the past 10 years has been the major problem, as evidenced by two things? First, the accommodation centres that they were going to set up for asylum seekers cost millions and came to absolutely nothing, and, secondly, it can sometimes take years to get a decision on immigration cases—and the process is getting even slower.

Damian Green: My hon. Friend is precisely right. It has indeed been a decade of incompetence and in his honest moments, the new immigration Minister admits it—*[Interruption.]* All his moments are honest, but the problem is that he honestly appears to believe different things on Saturday from what he believes on Sunday. What we need, and what we have proposed, is a range of measures to establish firm and fair immigration controls to the benefit of people in this country and, ultimately, to the benefit of new arrivals in Britain as well.

Let me make some concrete proposals, which I suggest the Minister and the Home Secretary could adopt. A Conservative Government would set an annual limit on the number of people from outside the EU who are allowed to come here to work. Such a limit would aim at a substantially lower inflow than we have had in recent years. Economic benefit would be the key test on which individuals would be admitted and the limit would take account of wider societal effects such as housing, public service provision and community cohesion. Most years, we would expect there to be a positive level of migration into the UK, but it would be substantially lower than current levels. The limit would be set after consultation with employers, local authorities and major public service providers—*[Interruption.]* Ministers on the Front Bench are chuntering hard about consultation. I appreciate that they do not like listening to other people, but if they knew their own policies, they would know that they set up the migration advisory committee and the Migration Impacts Forum precisely to get the information—it is useful to have it—that would allow us to set a limit. Our policy is very similar to what happens in Australia, which has a points-based system, but also a limit.

Fiona Mactaggart (Slough) (Lab) *rose—*

Damian Green: I have given way enough.

Ministers are disingenuous in always referring to their system as being like the Australian system. It is in some small ways like that system, but it is unlike it in one key way. The Government do not propose a limit, but we do. That is one of the big differences between us.

Our second set of proposals are on marriage. Among our key proposals—some of which, I think, the Government would agree with—is that the lower age limit should be raised to 21 for both spouse and sponsor for marriages with people from abroad. If the Government have said that they will do that, I wish that they would. We also say that the spouse must have a basic knowledge of English before coming to the UK. That will be extremely important in improving community cohesion and integration in this country. Spouses should register before they go abroad to marry, particularly to avoid young women being spirited abroad for forced marriages. All potential spouses coming to the UK ought to take the "Life in the UK" citizenship test while they are here.

Our third set of proposals are on movements of people within the European Union. Clearly, one of the great failures of the past 10 years was that of the Government to predict how many people would come here when the EU expanded in 2004. Britain should put on transitional controls for any future new members, to avoid unexpectedly large numbers of arrivals at any one time. I hope that the Government will agree to that.

Our fourth set of proposals are on enforcement. No immigration system will inspire confidence if our borders remain as badly protected as they have been throughout the lifetime of this Government, despite the hard work put in by those manning the borders. We propose that a new UK border police force be created—it would be a

specialist border force, the lead agency dealing with illegal overstayers and the specialist arm of the police in the battle against people trafficking. That would make an important contribution to making our borders safer.

In the past few days, we have heard a number of statements from the new immigration Minister, and he has contradicted himself. As a result, I am genuinely unsure whether he wants to change immigration policy in a direction that we would approve of, or whether he is simply spinning and trying to talk tough. If he is saying, as appeared to be the case in some of his interviews, that the Government's current policies, which were announced before he took over, are enough to restore confidence in the immigration system, he is destined to be badly disappointed. The Opposition will continue to argue our reasonable, fact-based case on immigration. If hon. Members on both sides of the House do not address the concerns of millions of people about immigration, we are in danger of leaving the field clear for nasty, extremist parties, which simply want to stir up trouble between communities.

This country needs a Government who will put into practice effective immigration controls that will restore confidence in our borders. That is the best way to reduce tension between communities to allow all British citizens to share in the values of our country and the benefits of living here, and to make sure that our public services can cope with the demands on them. If the new immigration Minister moves policy significantly in that direction, he will do some good. If he cannot or will not, the tasks will fall to others. They are all absolutely crucial tasks, and they explain why the need for a firm, fair, balanced immigration policy remains one key reason why Britain needs another Conservative Government, as soon as possible.

4.3 pm

The Secretary of State for the Home Department (Jacqui Smith): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes the actions of the Government in undertaking the biggest shake-up of the immigration system in decades; supports the introduction of the points based system for migration, which will ensure that only those with skills the UK needs can come to work or study; endorses the proposals set out in the Earned Citizenship Green Paper for newcomers to speak English, obey the law and pay their way; looks forward to the issuing of the first identity cards for foreign nationals next month, which will enable those who are here legally to prove it, helping to reduce identity abuse and prevent those here illegally from benefiting from the privileges of life in the UK; is committed to taking tough action against employers who exploit illegal workers knowingly; supports the removal of record numbers of foreign national prisoners; notes the Government's doubling of the UK Border Agency's enforcement budget within three years from 2006; pays tribute to the work of the single UK Border Agency; and welcomes the introduction of the electronic border system that will check every visitor against immigration and security watchlists and count them in and out of the UK."

Without seeking to give offence to the hon. Member for Ashford (Damian Green), who made a reasonable list of setting out the rag-bag of half-baked ideas that passes for his party's policy on immigration, it is a mark of how seriously Opposition Members take the debate that the hon. and learned Member for Beaconsfield (Mr. Grieve) could not bring himself to be at the Dispatch Box in Opposition time this afternoon. Thankfully, we have his comments from a newspaper article published yesterday to guide us on his thinking, even though we did not have his thoughts in the Chamber this afternoon.

Mr. Dominic Grieve (Beaconsfield) (Con) *rose—*

Jacqui Smith: The hon. and learned Gentleman cannot have it both ways. He cannot roll up and intervene, but not be willing to make a proper speech. But I will let him.

Mr. Grieve: I am grateful to the Home Secretary. I happily eschewed the possibility of addressing the House in return for the opportunity of hearing the ideas of her hon. Friend the immigration Minister, and I am deeply disappointed that we shall not be able to hear him develop those ideas this afternoon. I think I trust my hon. Friend more than she trusts hers.

Jacqui Smith: The point is that Members will hear from both me and my hon. Friend the immigration Minister today, but they will not hear from the shadow Home Secretary—unless he chooses to pop up and down on various occasions—because, despite having chosen this subject for an Opposition day debate, he has not chosen to present the argument himself.

Several hon. Members *rose—*

Jacqui Smith: No, I will not give way yet.

I believe that people understand that migration can bring benefits to our country, but they also rightly demand a robust system, so that we can control who comes here, and so that migrants abide by our laws and contribute to our society. That is why we are completing the biggest overhaul of the immigration system in a generation. For instance, we are taking action to strengthen our borders.

Mr. Gerald Howarth (Aldershot) (Con): The Home Secretary says that she has a robust system in operation. Can she explain why constituents of mine whose deportation was ordered at least four or five years ago are still in the country? Does she call that a robust system?

Jacqui Smith: I am sure the hon. Gentleman will be relieved to know that last year we removed one person from the country every eight minutes, and that—this is where he is wrong—we are on track to conclude most of our asylum cases within six months by the end of the year. When the hon. Gentleman and the Government whom he supported left office in 1997, the time scale was approximately 22 months. That is the difference between an effective immigration system and the system that we inherited.

Jeremy Corbyn (Islington, North) (Lab): While my right hon. Friend is on the subject of asylum, may I ask whether she is concerned about the number of people in detention, the number of children in detention, and the number of apparent asylum seekers who, having been denied either the right to work or access to benefits, are living in desperate poverty and having to beg on the streets of this country? Does she not think that we need to review the humanity of our asylum system, as well as everything else?

Jacqui Smith: It is, of course, important—as I have just said—that we have speeded up decision making, and we are piloting other ways of ensuring that we can do everything possible to prevent children from being placed in detention.

Paul Rowen (Rochdale) (LD): Will the Home Secretary give way?

Jacqui Smith: No. Given that the hon. Member for Ashford accepted only four interventions, I wish to make a bit of progress.

We are taking action not only to strengthen our borders, but to introduce a system to ensure that we select only those who can be of benefit to Britain, to ensure that newcomers speak English, pay their way and play by the rules, and to manage the local impact of migration. In April we launched a new UK Border Agency with the purpose, the powers and the punch to protect our borders in the 21st century. Our borders are already among the most secure in the world, and the UKBA has a clear purpose in protecting them, controlling migration for the benefit of the country and preventing border tax fraud, smuggling and immigration crime.

The combining of the Border and Immigration Agency, Customs at the border and UKvisas in a strong single force means that the numbers securing our borders are at an all-time high. There are 25,000 staff, including more than 9,000 warranted customs and immigration officers, operating in local communities, at the border and in more than 135 countries worldwide. However, we are determined to make the border even stronger, and we are doing so by reintroducing the border controls and exit checks that the Conservatives removed when they were in office. Our electronic borders system, e-Borders, will count 99 per cent. of non-EEA foreign nationals in and out of the United Kingdom by 2010, while checking them against watch-lists.

Mr. Nigel Evans (Ribble Valley) (Con): I welcome any increase in border security, but the Home Secretary does not believe that there ought to be a limit or a cap on the numbers coming into this country. If unemployment continues to rise, will she reconsider her policy on introducing a cap on immigration?

Jacqui Smith: I am coming on to how precisely we have introduced a system that will enable us to be flexible and to meet the needs of the economy and the people of this country, unlike Conservative Members.

E-Borders is already delivering results and it is keeping people whom we do not want in Britain out. These checks make up just one part of Britain's triple ring of border security alongside fingerprint checks abroad and tougher enforcement in-country.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): Many of my constituents will be concerned about immigrants coming into this country and notionally stealing British jobs. My argument is that if the Conservative party had invested in equipping people with the right skills when it was in power, we would not need the people who are coming into the country now. I am pleased to hear what my right hon. Friend has said, but will she confirm that we will still open the doors of this country to the expertise that we need to buoy up our economy while the Labour party continues to develop the skilled people whom we need to look after ourselves?

Jacqui Smith: My hon. Friend makes an important point and I refer her simply to last week's Government announcements on how we are investing extra money to ensure that people in this country have the skills to fill the jobs that exist.

Mr. James Paice (South-East Cambridgeshire) (Con): Why do the Government continue to confuse the seasonal agricultural workers scheme, under which all the students go home because of the sponsorship arrangements, with the wider issues on immigration? Is she aware that because of the Government's determination to wind the scheme down to try to appear tough on immigration, over £40 million worth of fruit and vegetables have been unpicked in this country and left to rot in the fields?

Jacqui Smith: I know that the hon. Gentleman and the hon. Member for Mid-Worcestershire (Mr. Luff) have raised this issue. We need to ensure that there is flexibility to aid the agriculture market in this country but, particularly by allowing those from within the EEA to take up such positions, we have made sure that there is the labour available to do that.

We need to be selective about who we let in to Britain, and that does not just start at the border. It starts and ends with an immigration policy that works in Britain's best interests with tough but fair rules in place. The introduction of the Australian-style points-based system is now fully under way, ensuring that those, and only those, with the skills the UK needs can come here to work and study.

Anne Main (St. Albans) (Con): Will the Home Secretary give way?

Mr. Lee Scott (Ilford, North) (Con): Will the Home Secretary give way?

Jacqui Smith: I give way to the hon. Gentleman.

Mr. Scott: In light of the Minister of State's comments at the weekend, will the right hon. Lady confirm that she and the Government will be reconsidering their immigration policy?

Jacqui Smith: I was, before the hon. Gentleman made his slightly pointless intervention, going through the Government's immigration policy. I was just referring to the points system, which gives us the controls that we need to cover close to three in five non-British migrants, work-related migrants and their dependants, and students. That is significantly more than the one in five covered by the proposals for a cap or a limit, even as described by the hon. Member for Ashford today.

Anne Main: Will the right hon. Lady give way?

Jacqui Smith: If the hon. Member for Ashford and the shadow Home Secretary believe so strongly in the merits of their cap, why do not they tell us what the cap will be? We know that they want one, because they keep waving it about. They should really stop being so coy. If the cap fits, they should wear it in public a bit more. They should tell us, as suggested by my right hon. Friend the Member for Birkenhead (Mr. Field), at what level they would set it and how it would work. If they cannot tell us that, if they say that they do not have the detail and if they say that they cannot decide, what makes them think it is such a good idea?

In one of the pithier sentences in his newspaper article yesterday, the hon. and learned Member for Beaconsfield said he would

"set immigration policy within a wider strategy that meets the changing demographic make-up of Britain, taking full account of its impact on our population and maximising the economic advantages while mitigating the costs and risks."

That is quite a mouthful, but however much the hon. and learned Gentleman blusters—along with other Members—he rather misses the very point of the points system, which is that it is such a powerful way of controlling immigration precisely because it is flexible, and precisely because it is within our control.

Margaret Moran (Luton, South) (Lab): As the Home Secretary says, does not the points system give us the flexibility to enable us to import skills in, for example, the IT industry? The Home Affairs Committee recently met IT executives in India, who commended the points-based system and deplored any introduction of a cap, as proposed by the Conservatives, because a cap system has destroyed the IT industry and its relationship with India in the United States. We do not want that in our country.

Jacqui Smith: My hon. Friend, from a position of considerable expertise, makes the very important point that we need the flexibility and control that the points-based system gives us. It is because Government can raise or lower the bar, depending on the needs of the labour market and the country as a whole, that the points system is such a fundamental change to our infrastructure for controlling immigration.

Anne Main: Will the Secretary of State give way?

Jacqui Smith: I will give way to the hon. Lady, for persistence.

Anne Main: On the points-based system, would the Secretary of State like to comment on the fact that while her party is talking tough rhetoric over here, it was widely reported in the papers that at a conference in Sylhet led by the chair of the Home Affairs Committee, and attended by six Members, it was said that:

"The number of Bangladeshis migrating to Britain would increase under the"

points-based system? Which of the following is the points-based system: is it a method of control or a method of importing additional people into the country?

Jacqui Smith: I am responsible for a lot of things, but I am not, thank goodness, responsible for what the Chair of the Home Affairs Committee chooses to say—at home or abroad.

The points-based system has meant, for example, that we have been able to bar low-skilled workers from outside the EU. In fact, if tier 2 of the points system for skilled migrants had been in place last year, there would have been 12 per cent. fewer in this category coming here to work, and we now have detailed plans on the table, put forward by the independent migration advisory committee, to reduce by nearly one third the number of jobs available to migrants via the shortage occupation route.

Mr. Field: Before the Home Secretary finishes her speech, will she share with the House what thinking the Government are giving to meeting the needs of the economy by letting people in while also breaking the link between people coming here to work and automatically getting the right to citizenship, because the population has grown by people becoming citizens although in the first place they came here to work? It is that crucial link that the group on balanced migration wants to see broken.

Jacqui Smith: I shall come on to the precise point my right hon. Friend makes, and may I also say that I believe that he and the hon. Member for Mid-Sussex (Mr. Soames) have made an important contribution through their work, and that I certainly want to continue to discuss it with them?

Pete Wishart (Perth and North Perthshire) (SNP): Will the Home Secretary give way?

Jacqui Smith: No.

The important issue in terms of the points system is that by adjusting the points and requirements as necessary, and based on proper evidence of what the economy needs and what is best for Britain, we can decide on the right numbers of highly skilled, skilled and temporary workers that we need in the UK.

Mr. Grieve: Will the Home Secretary give way?

Jacqui Smith: No, I will not give way to the hon. and learned Gentleman. If he wanted to have his say, he should have spoken in the debate.

The hon. Member for Ashford made a point about marriage and made quite heavy weather of the need to strengthen the rules to prevent marriage from being used as a means of avoiding immigration controls. He needs to pay more attention. We are already doing that. We are already raising the age of sponsorship and the age for applicants coming to the UK on the basis of marriage. We expect to have those rules in place by the end of the year. What is more, we are ensuring that spouses coming to the UK will need to enter into an agreement to learn English as part of the visa application process, in keeping with our goal of requiring all spouses to speak English before they come here.

Patrick Mercer (Newark) (Con) *rose—*

Jacqui Smith: I will give way to the hon. Gentleman, although I note that I have given way far more times than the hon. Member for Ashford did.

Patrick Mercer: I am most grateful to the Home Secretary for her generosity. I was at the meeting in Sylhet to which she referred, at which we discussed the points-based system. Views were expressed on either side of the argument, but I was interested to hear the immigration Minister, who has responsibility for immigration, say that he believed that it was too easy to get into this country. Does the Home Secretary agree?

Jacqui Smith: I have just identified the way in which the points-based system would have ensured that, had the skilled route been in place last year, 12 per cent.

[Jacqui Smith]

fewer people would have come here. My argument is that we need an infrastructure that enables us to make the right decisions on the basis of economic evidence, not a crude cap that at the very best would cover only one in five of those coming into this country.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Does my right hon. Friend agree that the Opposition's case is much weakened by their refusal to distinguish between controlled immigration and asylum? Any kind of crude cap shows that they do not really understand what the system is all about.

Jacqui Smith: My hon. Friend makes a very important point. The Conservatives are a party that went into the general election with a manifesto commitment to limit our asylum quota and people's ability to come here and claim asylum. I do not know whether that is still its policy, as the hon. Member for Ashford did not refer to it today, but that is a fundamentally different issue from controlling the rest of migration.

As we set out in our draft earned citizenship Bill in July, we are making major changes to what we expect of migrants before they can progress to British citizenship. That was the point that my right hon. Friend the Member for Birkenhead referred to. There will no longer be an automatic right to stay here after five years. We have listened to the British people, and the message is clear: they want newcomers to speak English, work hard and play by the rules. Those changes do not make Britain anti-foreigner—far from it. They reassert the value of Britishness and rightly reaffirm that the privilege of British citizenship should be earned.

Mr. MacShane: I very much agree with the Home Secretary's arguments, but I ask her to be little bit careful in talking about language, because 800,000 British citizens currently live in Spain, and at the last count 17 of them spoke Spanish.

One of the most worrying aspects of this whole debate is the extraordinary adoption, by the fluent French-speaking shadow Home Secretary, of President Jacques Chirac's anti-Polish policy of limiting workers from the new Europe. Will my right hon. Friend say that the Poles who have been here have contributed to our economy? They are going home now, but this anti-Polish stuff from the shadow Home Secretary is a disgrace.

Jacqui Smith: The hon. and learned Member for Beaconsfield might be a fluent French speaker, but we have heard neither French nor English from him today. My right hon. Friend is, of course, right. Recent research by the Department for Work and Pensions, for example, showed that those who had come from the new EU accession countries had made an important contribution, and that there had not been a detrimental effect on British workers either.

Mr. Grieve *rose—*

Jacqui Smith: I give way to the hon. and learned Gentleman for another go.

Mr. Grieve: I am most grateful to the Home Secretary. First, may I just clear up this point, about which she asked? We intend to honour our international obligations to asylum seekers to the letter.

Secondly, if the Home Secretary intends to follow the policy that she has just announced, how will she meet the anxieties expressed by the immigration Minister that population increase in this country will continue to be driven by immigration? No points system as she has described it will enable her to deal with that point.

Mr. MacShane: Why doesn't he make a speech?

Jacqui Smith: Fair point: why does the hon. and learned Gentleman not make a speech if he has something to say? He is promulgating a policy that would put a cap on one in five individuals who come to this country. We are proposing a policy that gives us controls over three out of five migrants who come to this country. People need to ask themselves which of the two parties has the most comprehensive approach to controlling migration.

We have overhauled the routes for those coming to the UK and we have taken swift and visible action on those who are no longer entitled to stay.

Several hon. Members *rose—*

Jacqui Smith: I am going to make a bit of progress.

In the space of three years, we will have doubled the enforcement budget. I seem to remember that the hon. Member for Ashford and his colleagues failed to support that doubling in Committee, so he can talk tough on enforcement, but he does not vote for the money—no change there. Last year, we removed someone from this country every eight minutes—that included more than 4,200 foreign criminals—and we carried out about 7,000 operations against illegal working, leading to more than 5,500 arrests. Since introducing new penalties for employers to combat illegal working in February, we have levied more than 850 fines—some £8 million-worth—against irresponsible and exploitative employers. Of course, Conservative Members tried to weaken those measures when they came before the House, and they continue to oppose one of the Government's key policies to prevent abuse and illegal working: identity cards.

Next month, we will issue the first compulsory ID cards for foreign nationals, as the first stage of the national identity scheme. ID cards will help us to protect against identity fraud and illegal working, they will reduce the use of multiple identities in organised crime and terrorism and help us to crack down on those trying to abuse positions of trust, and they will make it easier for people to prove that they are who they say they are.

ID cards for foreign nationals will replace old-fashioned and easily-forged paper documents, and they will make it easier for employers and sponsors to check a person's entitlement to work and study and for the UK Border Agency to verify someone's identity. If Conservative Members were serious about protecting Britain's borders, they would support the introduction of ID cards for foreign nationals. I am talking not only about biometric visas, but ID cards, which are an integral part of the national identity scheme that they say they will scrap.

We are absolutely clear that we need to strike the correct balance in Britain's migration policy, weighing the economic benefits with impacts on communities and public services. Of course, it is vital that we take the social impact of migration into account. That is why we set up the Migration Impacts Forum to provide us with independent advice on how migration affects public services and local communities, and it is why we are also asking migrants to pay more in the future, towards a fund to help services deal with the short-term pressures of migration.

Fiona Mactaggart *rose—*

Jacqui Smith: I apologise to my hon. Friend, but I am coming to a conclusion.

When it comes to protecting our border, enforcing the law, selecting what skills we need here and setting high expectations of those who come, the Government will continue to act in Britain's best interests on immigration. The points system gives us the grip and flexibility to adjust the numbers coming here according to the needs and circumstances of the time—we heard nothing new from the hon. Member for Ashford on that today. Our proposals on earned citizenship mean that migrants understand very clearly that permission to come here to work or study does not give them the right to settle here indefinitely. Again, there was silence from the hon. Gentleman on the tough measures that we will take to make sure migrants speak English, obey the law and pay their way.

The introduction of ID cards for foreign nationals next month will further strengthen our protections and provide greater reassurance. In the Conservatives' opposition to ID cards, we see another gaping hole in their argument. This Government are facing up to the challenge, even while the shadow Home Secretary looks on, and I commend my amendment to the House.

4.29 pm

Chris Huhne (Eastleigh) (LD): We welcome this debate; the motion is right to highlight the chaos of the Government's immigration policy. There is a widespread crisis of confidence over not just what we are aiming to do, but whether we can do it. The debate raises issues of Government policy concerning both the fairness and the integrity of the system.

There are three elements to what has been epic mismanagement. The first is the sheer scale of the mistakes, judged by the difference between projections by the Home Office and the outcome; the second is the clear lack of control at our frontiers and within them; and the third is the lack of preparedness in local communities that have been affected by unplanned and unexpected increases in population. I shall deal with each in turn.

First, if we look at immigration from the A8 countries—the central and eastern European transition member states—we can see that the UK, Ireland and Sweden were alone in agreeing to immediate freedom of movement without transitional provisions. The Home Office predicted—and the House took the decision on the basis of that prediction—that there would be 13,000 EU migrants a year, or 52,000 by the end of last year. The outcome was 766,000—1,373 per cent. higher than the Home Office's forecast. In all the history of Government projections, I doubt that there is a single other number of such importance that has been proved so extraordinarily wrong.

In retrospect, we should have had transitional arrangements too. The Liberal Democrats backed the Government's policy on the basis of the Home Office forecast, and no one can have imagined that it would be out by such an order of magnitude. However, we must remember the substantial benefits of free movement—*[Interruption.]* I am happy to give way to the immigration Minister. I am unable to make head or tail of what he is saying from a sedentary position. More British people live in the rest of the European Union than citizens from the rest of the EU live here. The right hon. Member for Rotherham (Mr. MacShane) is right to point that out.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Does the hon. Gentleman agree that there is a difference between those two groups, in that many of the Britons who are abroad have retired and are not competing in the job market, but eastern Europeans here are competing in the job market? Unemployment in my constituency is now more than 10 per cent. for males, so that is a cause for concern.

Chris Huhne: I certainly agree that there is a difference, but the hon. Gentleman may not like the difference that I would point to. If our citizens live on the Costa del Sol in Spain they have access to Spanish health services and are a drain on Spain's resources. If Spanish citizens or central and eastern Europeans come here, they pay tax and national insurance here and contribute to the running of our public services. Yes, there is a difference, but not the one that the hon. Gentleman suggests.

Mr. MacShane: I am at one with that last argument. Does the hon. Gentleman share my sympathy with a south Yorkshire lady of Danish origin who has lived here for 24 years and given dedicated service as a local councillor? A newsletter was distributed about her recently, describing her as non-British. She is hurt and offended, and south Yorkshire is outraged. Which party distributed that newsletter? It was the Liberal Democrats.

Chris Huhne: I have the utmost respect for the right hon. Gentleman's investigative skills, but perhaps he could show me the leaflet and I might then be able to comment on it. From what he says, it is not something that I would have been prepared to sign off.

We must remember the self-correcting nature of the flows of people. The anecdotal evidence—we do not yet have the official figures—shows that Polish and other central and eastern European workers are returning home to take advantage of the opportunities there. I am told that single tickets for return are selling much better than those for journeys in the other direction. It is, in other words, a different type of immigration, which could be called turnstile immigration. It is very useful both for us and for the new member states.

Lembit Öpik (Montgomeryshire) (LD): Does my hon. Friend agree that countries such as Estonia, with which I am very familiar, have a migrant population who come to this country to make an economic contribution

[Lembit Öpik]

and to learn skills but with the intention of sharing those skills and that wealth back in their own country? They do not intend to abandon their home country, but to take advantage of the free flow that my hon. Friend has rightly highlighted as an advantage of the European Union, for the collective benefit of us all.

Chris Huhne: I am grateful to my hon. Friend for that intervention. He certainly has a lot of expertise in the matter of Estonians, in particular—*[Interruption.]* I know that those on the Conservative Front Bench have a particular expertise in the matter of Etonians, but that is a different issue.

My hon. Friend's point is absolutely correct. Many of the central and eastern European migrants who have come here have done so in order to build up a nest egg and to go home, start a business and make a contribution to the extraordinary and praiseworthy growth of those economies.

Pete Wishart: Does the hon. Gentleman accept that throughout the UK each constituent nation has different requirements? Scotland, for example, has depopulation, and we need to address that. Does he agree that we need fully to adopt the Australian version of the points-based system and to give flexibility to national Governments to deal with their own immigration requirements?

Chris Huhne: I am very grateful to the hon. Gentleman for that point, which he has made before. I shall come on to exactly that point. I agree wholeheartedly with him, and when those on the Government and Opposition Front Benches pray in aid the Australian system, they clearly do not yet know the full flexibility of the system that they are talking about.

Faced with the surge in EU immigration that undoubtedly took place, which was unexpected and unplanned for, we should surely have adjusted non-EU immigration flows as a balancing factor. That is just common sense. However, the Government have not done that.

Jacqui Smith: Does the hon. Gentleman not understand what I spelled out in my speech? We have closed off tier 3 of the points-based system to reflect the impact of inter-EU migration.

Chris Huhne: I entirely accept that, but the Home Secretary also has to accept that her Government, whom she has supported, have been in office for 11 years. There were some 145,000 work-related non-EU migrants in 2006 and 124,000 in 2007. Taken with the net immigration of non-EU migrants, that is a substantial flow. Its consequences have been unplanned and unforeseen. Closing the stable door after the horse has bolted is all very well—the Government are very good at it—but it is about time that it was done.

David T.C. Davies (Monmouth) (Con): I am very interested in what the hon. Gentleman is saying. It is the first time, I think, that I have ever heard a Liberal Democrat politician, in stating that non-EU immigration should have been controlled more, suggesting that there needs to be some overall cap on immigration. Is that a new Liberal Democrat policy?

Chris Huhne: The hon. Gentleman is clearly not as great a student of Liberal Democrat policy as he pretends to be. He obviously was not in the last immigration debate—

Mr. Grieve: It takes many years to understand it.

Chris Huhne: It does not take any years at all to understand it.

The official Opposition cannot escape responsibility. When the Tories were in government, they took leave of their senses and removed exit checks. Short-term work permits and student visas are, as a result, far more difficult to enforce. Some 346,000 student visas were issued in 2007 to non-EU citizens and that is a good thing, too. Our higher education is something of which we can be proud. However, how many have returned? We have absolutely no idea who was here, who should be here or who is here. That is precisely why there is a crisis of confidence in the system.

I am glad that both the Government and the Conservatives are now in favour of a national border force, an idea that we introduced to the debate. We need it, along with exit controls, employer checks and enforcement. Between 1997 and 2006—*[Interruption.]* I realise that those on the Conservative Back Benches do not even know when they are stealing other people's policies, but those on the Front Bench, at least, ought to know that. Between 1997 and 2006, only 37 employers were found guilty of employing illegal immigrants. The number is rising: in 2007 there were 35 criminal prosecutions, but in the six months from January to June 2008 there were 42. The Government are rightly tightening up but, by God, they are still only scratching the surface.

Mr. Gordon Prentice (Pendle) (Lab): The hon. Gentleman was speaking about Liberal Democrat policy but now he is straying back to the 1990s. He will correct me if I am wrong but, when Paddy Ashdown was the leader of the Liberal Democrats, it was that party's policy to allow 5 million to 6 million Hong Kong Chinese into this country.

Chris Huhne: The hon. Gentleman is right to remind me and the House of that, but this country had certain specific obligations to the population of Hong Kong, because the people involved were British passport holders. He may not recognise those obligations, but under certain circumstances this country must allow people to come here. For example, we very honourably took in 50,000 Huguenot asylum seekers—for that is what they were—even though that number represented 1 per cent. of our entire population. Such action is entirely appropriate under certain emergency circumstances, and I am grateful to the hon. Gentleman for the point that he raises, although it is irrelevant to this debate, which is about economic migration.

The most recent estimate from the Government comes from 2001 and shows that we have 430,000 illegal immigrants. That is the result of the Government's mismanagement—

Stephen Pound (Ealing, North) (Lab): Will the hon. Gentleman give way?

Chris Huhne: I will, although I think that I am giving way even more than the Home Secretary did. However, I am delighted at the interest among Labour Members in our policy.

Stephen Pound: I am profoundly grateful to the hon. Gentleman, and I shall try not to disappoint him. He referred to the slight increase in prosecutions for the employment of illegal immigrants, but will he share with the House the real figure—that is, the number of illegal immigrants employed by each of the people prosecuted? Will he also share with the House the massive increase in the number of people affected by and caught up in those prosecutions?

Chris Huhne: I will not share those figures with the House, as I am sure the hon. Gentleman can tell us off the top of his head. If he cannot, we can both consult the Library and so discover in due course whether he has a good point. However, it was a nice stab in the dark—well done!

Simon Hughes (North Southwark and Bermondsey) (LD): Before my hon. Friend moves on, does he agree that our party has always argued for certain principles and wanted other parties to accept them? For example, we believe that this country should do its duty by those with whom it has a connection and a link—such as the people from Hong Kong, the east African Asians or the Gurkhas—but that we should always have the proper and effective immigration controls that we have not had for many years. In addition, we believe that people who are not EU citizens should be allowed to stay only if there is a justification for Britain's having them here, and that there should be a policy to regulate that.

Chris Huhne: I am grateful to my hon. Friend, as he has made the matter extremely clear.

The third element of the crisis of confidence is the lack of local preparedness among councils and police, health and housing authorities. The London boroughs of Brent or Newham offer good examples of what I mean. On a recent visit to Newham, I was told that GP registrations were running tens of thousands higher than the census projections, which means that there is no follow-through in budgets for the local police or NHS. It is therefore essential that we plan for managed immigration, not least because that would allow us to prepare local areas sensibly for the arrival of those given permission to be here.

The Conservative Opposition's motion calls for a limit to immigration, and that is certainly more sensible than some of their previous calls for an annual cap, but there is a typical failure to define terms. In addition, there is a contradiction in the motion: in one place it welcomes the real benefits of immigration, yet in another approvingly cites somebody from the other place as saying that "large-scale immigration" has uncertain benefits. It would be interesting to hear from a Conservative Member exactly what the difference is between the real benefits of a low level of immigration and the unpersuasive benefits of large-scale immigration.

Anne Main: I served on the Communities and Local Government Committee, and the report to which its Chairman referred earlier in the debate touched on exactly that point. The Government were severely criticised for not anticipating the pace of change. The communities that we visited felt the strains of the rapid process of change, and that is exactly what the motion is about. The sheer pace of change, and the volume of people involved, meant that some communities described themselves as feeling overwhelmed.

Chris Huhne: I am grateful for that intervention; I entirely agree with the sentiment. On the other hand—and I hope Members excuse me for being a boring old economist by background—it would have made sense to come up with a number in the motion so as to clarify the difference between the two concepts.

Let me give some examples of why a simple cap or limit of the sort that the hon. Member for Ashford (Damian Green) proposes would be problematic. One of them comes from my own experience. When I was running a team of economists in the City, I needed at one stage to hire a PhD in economics who was an Arabic speaker. We knew that there was absolutely no chance of finding such a person in the London labour market, because we had advertised and failed to do so. [HON. MEMBERS: "What?"] I can assure hon. Members of that, although I should add that there was one other criterion: a knowledge of middle east politics.

In that particular case, in the October of that year we needed to find an immigrant. If the hon. Gentleman's policy of implementing a cap had been in place, and the limit had already been reached, I presume that I would have had to wait until January. That would have had a serious knock-on effect on the employment prospects of other people in the London labour market, because that person was complementary—*[Interruption.]* Conservative Front Benchers are saying, "You should train them." I do not know whether they have any idea of how long it takes someone to study for a PhD, but it is certainly not three months, even with the substantial brain power that the Conservatives have at their disposal.

I will give a more populist example for those of us who are football fans. What about Robinho, as a Brazilian citizen? Would the Conservatives say to Manchester City, just ahead of the transfer window, that it could not possibly hire Robinho? *[Interruption.]* The hon. Member for Wolverhampton, South-West (Rob Marris) might say, "I hope so", but I am sure that those who are Manchester City supporters—*[Interruption.]* The immigration Minister is a Manchester United supporter, so he will not be sympathetic. However, for those who are Manchester City supporters, we would have to be a little more realistic about taking one year with another and looking at the needs of particular employers at particular times. It is odd to see the Conservative party, which is meant to understand the market economy, proposing a mechanism reminiscent of the Soviet Union's Gosplan.

We should remember, too, that these jobs may well be complementary to national jobs and create more employment for UK citizens. That is why the Minister's dalliance at the weekend is so regrettable. He must have known that there is a long track record in this country of blaming foreigners and immigrants during economic downturns, so it is particularly regrettable that he should have made those comments at this time.

Turning to the point made by the hon. Member for Perth and North Perthshire (Pete Wishart), who is sadly no longer in his place, a single limit is also difficult. That is not only for reasons to do with skills and its

[Chris Huhne]

arbitrary nature, but because not all parts of the country have the same needs. Scotland wants growth. Its population has recently been in decline. It has less than 10 per cent. of the UK's population with a third of the land area. It has absolutely no problem with water resources. The situation in the south-east is precisely the opposite. England as a whole is almost as densely populated as the Netherlands, and the south-east of England is the most densely populated region in Europe, at the limits of environmental sustainability. There was recently a proposal to build a desalination plant on the Thames to get fresh water, for heaven's sake. We usually only hear about that sort of thing in Saudi Arabia. London is drier than Istanbul. The non-governmental organisation Waterwise has pointed out that the south-east of England has less water available per person than Sudan or Syria.

A points-based system should take account not only of skills but of local needs, as is the case in Australia. Neither the hon. Member for Ashford nor the Home Secretary told the House that the points-based system in Australia takes account of different economic circumstances in different parts of the country.

Damian Green: The hon. Gentleman accuses the Home Secretary and me of not telling him things. Can he tell us how, if somebody has a work permit to live in Britain, he proposes to lock them in Scotland and stop them moving away if they want to? If he does not do that, everything that he has been saying for the past two minutes is nonsense.

Chris Huhne: That would be enforced in exactly the same way as we currently enforce immigration control within our borders—by inspection of employers. If people have the right work permit, they are allowed to go on working in the same place. That is what happens in Australia. It is not rocket science. If the other two Front-Bench teams had looked at the Australian system, they would know that that is how it works. All areas of Australia are eligible for a scheme that allows sponsorship by an employer in that local area, except Brisbane, the gold coast, Sydney, Newcastle, Wollongong, Melbourne and Perth. The Australians make a clear distinction between the parts of the economy that need migrant workers and population growth and those that do not.

Trevor Phillips, who was appointed by the Government, recently broached that as a potential policy option. I am surprised that the hon. Member for Ashford is making such play with the difficulties, when the system is already operating effectively in Australia.

Mr. Davidson: Do I take it that it is Liberal Democrat policy for scores of Government inspectors to tour the south of England trying to identify people who have escaped from Scotland? That seems to be the thrust of the hon. Gentleman's argument. Unless there are border controls at the Scottish border, there can be no realistic expectation that those who are allowed into Scotland will be retained there.

Chris Huhne: The hon. Gentleman is wrong. The way that the scheme operates in Australia works well. There are the same policing arrangements as we have for work permits in the UK. I have cited the figures. The hon. Member for Ealing, North (Stephen Pound) upbraided me for not pointing out the number of illegal immigrants who had been found in such raids. That is the standard way—ask the Home Secretary—in which we enforce these matters. There is no need for any internal border controls. That is a scare story.

Anyone in breach of a work permit in Australia is deported. It is as simple as that, exactly as it would be if someone were found to be an illegal immigrant in breach of their conditions. Another condition has merely been added.

Rob Marris (Wolverhampton, South-West) (Lab): I expect that I know rather more about the Canadian system than the hon. Gentleman knows about the Australian system, and they are very similar. I lived in Canada for nine years. I was an immigrant in Canada. Internal controls do not work unless one is prepared to say to immigrants, using the hon. Gentleman's kind of example, "You can have your job in Scotland, with one employer, so you can't leave that employer"—it is like slave labour—"for evermore." That is the problem with the system that he is proposing. If people are given a time limit, as they certainly should be given in anything like such a system, within four years they will all move, as it were, from Scotland to London.

Chris Huhne: I am grateful to the hon. Gentleman for raising that point. That is not the experience in Australia. What happens there is similar to our own arrangements under any other work permit. After a certain period working in the economy, migrants are entitled to apply for citizenship. The hon. Gentleman is right that at that point they can move anywhere in the area, but the experience of Australia is that they do not. They have put down roots and stay where they have settled. That has had the desired effect of contributing to population growth in those areas.

Fiona Mactaggart *rose—*

Chris Huhne: I shall not give way any more. I have been unusually generous in doing so and I must make progress.

We object to the language in the motion and the fact that the Chairman of the House of Lords Committee on Economic Affairs should be cited as a sage on the matter. His Committee regrettably ignored the evidence of two extremely distinguished macro-economists, Professor Steve Nickell and Professor David Blanchflower, which was nevertheless cited in the report. Professor Nickell said that immigration might reduce the equilibrium rate of unemployment. Blanchflower said the same thing in different terms—that immigration had lowered the natural rate of unemployment. The Committee seems not to have understood what that meant. It means clearly that the economy could have dynamic gains and produce more output without unsustainable inflationary pressure. That, in turn, would boost income per head.

I also regret that the motion contains nothing about better integration and the common values of tolerance and respect for the rule of law. Those are a key part of proper policy. It is appalling, for example, that the Government have cut the teaching of English as a foreign language. Without a stress on the integration of our existing migrant communities, the Conservative

party risks sending out a subliminal message at variance with the wording of its motion. I hope that that is not intentional; it is, however, the effect, and we regret it.

We welcome much in the Government amendment, but the inclusion of identity cards for foreign nationals on its own is enough to rule out our support. The cards are entirely symbolic, as foreign nationals have passports already; they have been targeted for ID cards for no better reason than to accustom the rest of us to the cards' introduction and because they will not have votes at the next general election. Judging by their amendment, the Government's migration policy is merely moving from the chaotic to the emblematic. In neither case do they deserve our support, and we oppose their amendment.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that from now on there will be a 10-minute limit on Back-Bench contributions to the debate.

4.56 pm

Mr. Frank Field (Birkenhead) (Lab): I wish to make two very simple points. I speak as joint chairman of the all-party group on balanced migration; no doubt the hon. Member for Mid-Sussex (Mr. Soames), the other chairman, will also speak if he manages to catch your eye, Mr. Deputy Speaker.

First, I want to emphasise the impact that recent levels of immigration have had on many of our constituents, who have not been heard about in this debate—certainly not during the last contribution. Secondly, I want to mention what I thought was new from the Home Secretary. Conservative Front Benchers, of course, wanted to make much of what they thought was the difference between the views of the Home Secretary and those of the immigration Minister; perhaps a careful study of *Hansard* tomorrow will suggest that that difference is less than they were hoping for.

What we have not heard so far in this debate, for good reasons, is the voice of our constituents. They have been on the receiving end of immigration. It is all very well to give a partial view, based on what the House of Lords report said about the gains or non-gains of immigration in respect of the impact on our national income. However, we ought also to think about what immigration has meant in human terms. In the recent past, we have experienced in this country a rate of immigration the like of which we have never experienced. It would be extraordinary if a country as densely populated as ours could take that rate of immigration with no adverse consequences for some of our constituents, particularly the low-paid ones.

Mr. Parmjit Dhanda (Gloucester) (Lab): I am listening with real interest to my right hon. Friend, who has a lot of experience in these matters. As the child of a migrant myself, having grown up in the '70s and '80s at schools in this country, and often at times of depression, I think that there was far more racism in our schools then than there is now. I accept the fact that there are issues of churn. However, to be fair, if we look at cohesion across the board, we see that more than 80 per cent. of people in our local communities feel that they live in a cohesive community.

Mr. Field: I am particularly grateful for that intervention and would like to emphasise the key words that my hon. Friend uttered. He was here as a child, newly arrived, when the economy was not booming. One of the things that I so welcomed about the speech by my hon. Friend the immigration Minister is that he was clearly looking at a country in which—let me put it euphemistically—a boom might not go on for ever. We have a duty to plan for the worst, but we should obviously hope for the best. I emphasise that it would be inconceivable for anyone in this House to argue that the levels of immigration we have experienced have had no impact on the chances of employment for many of our lowest-paid constituents, or that they have had no impact on wage rates. Of course we can see gains when we look at the global figures, but they look a lot more sparse when they are averaged out among all of us. Levels of immigration have given rise to a new servant class in this country.

Chris Huhne *rose—*

Mr. Field: The hon. Gentleman took a very long time, and I am anxious that other Members should get a chance.

The reintroduction of a servant class for those of the upper middle class has clearly meant very big gains for them, and has significantly changed their standards of living. It has not been so good for those at the bottom of the pile who have been competing for those jobs. My first point is that at least there is now some agreement among all parties that we have experienced record levels of migration to this country, and although that has had some beneficial effects, it would be absurd to argue that it has not had some less beneficial effects, particularly for the poorest members of society, which is my second point.

My third point is that we ought to be careful about the idea of the society to which we belong. My hon. Friend the Member for Gloucester (Mr. Dhanda) raised that point just now. We do not know the consequences for people's sense of identity, and that of those around them, when they have been subjected to levels of immigration that we have never experienced in our history. We are talking about 25 times what we have normally experienced. Perhaps we have the most extraordinary ability to adapt, but I wonder about that.

I want to come back to this point, if I have time. At a time when the Government are developing a positive view of citizenship, I hope that that view embraces my constituents who are as English, or British, as I am. All of us need our sense of national identity defined and reaffirmed. It is not merely something that we want newcomers to our society to embrace; there is a real loss of identity, regardless of immigration, among the host population itself. I would like the idea of an earned citizenship to be extended to all of us. We should not take it automatically that just because we are born here, we know what it is like and what is expected of us as citizens in our society.

The hon. Member for Ashford (Damian Green) looks puzzled by that, which shows the extent of the problem. If we had been in this Chamber in Edwardian times, we would have all had a clear idea that one of our central duties was to teach ourselves and the population the idea of being a good citizen. For 50 years in this country, we have somehow assumed that people get that

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idea by osmosis. It is quite clear, when we look at the disorder in our streets—the rise in levels of violence and so on—that ideas of citizenship do not automatically pass from one generation to another. While it is crucial for the question of immigration that we look at how we earn our citizenship—the Government call it positive citizenship—we need to extend the idea to embrace all of us.

The last factor that my constituents would want represented in the debate is that we have experienced, since the end of 1992, growth that this country has never experienced before. Sadly, it looks as if that growth is now faltering. It is foolish to think that the policies that may have been appropriate during the most rapid economic growth that we have ever experienced will also work during a downturn. Therefore, I applaud what the immigration Minister said in sounding a note that acknowledged that the Government realise that in an economy where there might be fewer jobs, we might need a very different immigration policy from the one that we have pursued in the recent past.

That brings me to my second, crucial point, which is one that the cross-party group on balanced migration has tried to make. In the past, we have assumed that the needs of the economy can be served in a way that allows people who come here to work to gain citizenship automatically. The Home Secretary made a very important point in her speech, which was lost in some quarters of the House. It was that we ought now to put up for question the idea that someone who has been here for five years should automatically gain citizenship. If that is so, I do not see much difference between the speech that we have heard today from the Home Secretary and the two speeches that we have heard so far from the immigration Minister.

The main point that the cross-party balanced migration group has been trying to introduce into the debate in this place and in the country is that the immediate needs of the economy for people to come here and fill vacancies that cannot be filled by people who are already here do not necessarily mean that those people ought automatically to get citizenship. The main thrust of our argument is that the needs of the economy are different from the needs of citizenship and the wider society.

What I hope we will hear from the Government—perhaps we will hear an even clearer statement when my hon. Friend the Minister winds up later—is that earned citizenship here will be capped. We would not expect the Minister to say what that cap should be at this early stage of the debate, given that although the Opposition claim that capping the number of people coming here to work has long been their policy, the hon. Member for Ashford could not tell us where that cap might be set.

Chris Huhne *rose—*

Mr. Field: I want to finish now, if I may.

However, it is important that we in the House begin to think of a two-part points system: points to come here, so that people come here only because there are vacancies that cannot be filled by people who are already here, and then points to earn citizenship. If we can send out the message that we are going to break the link between the needs of the economy and growing the population through immigration, this debate that the Opposition have called will have been well worth while.

5.7 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I commend the right hon. Member for Birkenhead (Mr. Field) on his speech and hope that the House listened with great care to what he said in this important debate.

For centuries the British isles have been a destination for immigrants and a source of emigrants. The flow of people has contributed to one of the strongest societies and one of the most dynamic economies in the world. Likewise, Britons have emigrated across the world, taking with them their skills and our customs, traditions and, of course, language. The benefits of migration are therefore not in any doubt. Our country, just like any other, would be much the poorer but for the contribution that immigrants have made here and that Britons have made overseas.

However, I hope that the House paid attention to the points that the right hon. Gentleman made. Many of us believe, as do many of our constituents—their voices have been woefully under-heard in the Chamber—that we should reflect the deep anxiety in the country and that we must ease the pressure that the sheer scale of current immigration is placing on our public services, environment and, indeed, the cohesion of our society.

As the right hon. Gentleman said, he and I arrived at many of the same conclusions—he rather ahead of me—and decided to form the cross-party group on balanced migration. The purpose was to try to have a rational debate based on the facts—an extremely unusual thing in this debate—to put forward some positive and workable proposals, and to listen to the ideas that others wish to put forward in a rather more forgiving atmosphere. To that end we sent every hon. Member a copy of our booklet, which sets out a new approach to controlling immigration and which was headed by the right hon. Gentleman "Balanced migration". He and I are very grateful to the Home Secretary for receiving us and for giving us an encouraging and courteous reception. We now have high hopes from the words that have been expressed by the immigration Minister.

I want to deal briefly with two misconceptions. Some people say that recession means that immigration is no longer an issue. Others point to departing Poles and draw the same conclusion. We have published research this week that clearly shows that, during the three recessions of the past 38 years—1975-76, 1981-82 and 1993—immigration did indeed decline for a year or two during each one. It then picked up afterwards. Indeed, it has picked up dramatically since 1997, as the right hon. Member for Birkenhead said. This is clearly no answer to the immigration problem, unless of course we are to live in an endless recession.

On the second point, it is true that some Poles and other European Union migrants are going home, but others are still coming. The probability is that arrivals and departures will come into balance in a few years' time. The conclusion to draw, therefore, is that the bulk of continuing immigration will inevitably be from outside the EU and could therefore be controlled if the Government had the political will to do so. Already, in 2006, 68 per cent. of foreign immigration was from countries outside the European Union.

All of us who are concerned about this matter were delighted that the new Minister suggested at the weekend that the Government were now thinking afresh on the

principles that underpin immigration policy. That is greatly to be welcomed. Let me remind the House precisely what he said:

"This Government isn't going to allow the population to go up to 70 million. There has to be a balance between the number of people coming in and the number of people leaving."

That implies two things. First, it implies that there will be a limit on immigration. Secondly, it suggests that the Government appear to accept the thrust of our argument that, to stabilise our population, immigration should be brought into line with emigration.

This change is certainly necessary. According to the Government's own statistics, England's population will increase by nearly 10 million by 2031, and 70 per cent. of that increase—that is, 7 million people, or seven times the population of Birmingham—will be a result of immigration. They will all need to be housed. The Government's own household projections show that immigration will account for 33 per cent. of new households. When the figures are updated with the 2006 population estimates, the percentage will be closer to 39 per cent. Clearly, further action is essential.

Mr. Davidson: If the hon. Gentleman is prepared to accept that there has to be action on the 68 per cent. of immigration that comes from outwith the EU, does he have a policy for dealing with the 32 per cent.—on his figures—that comes from within the EU? Surely that is the elephant in the room. We cannot control the external migration if we are not prepared to control the internal migration.

Mr. Soames: That is certainly the elephant in the hon. Gentleman's room. The answer is that we are obliged by treaty obligation to allow those people to come here and to move freely through the European Union, just as we can. The question is whether the Government have the will to control the other part of the equation, and whether they choose to exert it.

I give the Government credit for moving towards a major reform of the immigration system; credit where credit is due. But the points-based system lacks one essential and critical aspect: a limit on the number of people allowed to settle here. The reality is that a points system with no limit on the numbers able to come and settle here is largely pointless. This brings me to a key point of the cross-party group's proposal, which was elegantly espoused by the right hon. Member for Birkenhead. It is that we should split economic migration from settlement. We must balance the needs of the economy with those of society, while honouring our EU and other commitments.

Chris Huhne: Will the hon. Gentleman give way?

Mr. Soames: I will not give way.

Hence our proposal arises to permit skilled workers from outside the EU to come to Britain, provided that both the vacancy and their qualifications are genuine, but on the strict understanding that it is for a maximum of four years. The number allowed to settle here would thus be confined to a small number selected by a further points system.

The longer-term policy aim would be to bring immigration into line with emigration—hence the term "balanced migration". The Minister said in his BBC interview on Sunday that he would ensure that breaking the limit between economic migrants and settlement would be part of Government policy. That, too, is extremely welcome. However, like many hon. Members and members of the public, we have all come to treat the Government's words with caution and, in light of today, they clearly need to carry a health warning.

Let me end, if I may, by asking the Minister three very simple questions, which I would like him to answer at the end of the debate. First, given that he does not want the population of the UK to rise to 70 million, he must now want to limit immigration to the UK. Will he confirm to House tonight that there will be such a limit on the number of people allowed to settle here? Yes or no? Secondly, how will that limit work in practice? Thirdly, will he confirm that the Government will break the link between non-EU citizens being given the right work here and the almost automatic right that they have to settle here? The truth is this—that if our population is to be stabilised, which it absolutely must be, immigration has to be substantially reduced. What the House needs to know is the scale of the Government's effort, commitment and will to bringing down the scale of current immigration.

5.16 pm

Mr. Roger Godsiff (Birmingham, Sparkbrook and Small Heath) (Lab): It is a pleasure to follow my right hon. Friend the Member for Birkenhead (Mr. Field) and the hon. Member for Mid-Sussex (Mr. Soames), who made excellent speeches. In welcoming this debate, may I make the point that immigration has been the taboo subject of British politics for far too long? The reason is self-evident. Ever since Enoch Powell made his infamous speech in Birmingham back in 1968, politicians from mainstream parties—with a few exceptions who have perhaps been brave, foolish or sometimes both—have avoided the subject for fear of uttering a wrong word or saying something politically incorrect, and thus being labelled as racist or anti-immigrant.

Because mainstream politicians have not debated such issues as numbers and the effect that immigration might—I say might—have on public services, particularly in inner-city areas, the only parties that have talked about those issues have been racist or xenophobic parties such as the British National party, which has been left with a wide-open field to talk about immigration on its own terms and to draw its own conclusions.

There is not the slightest doubt, furthermore, that the wider electorate want the mainstream parties to debate this issue. In nearly every single opinion poll asking voters what issues they are most concerned about, immigration appears as one of the top five priorities. For us to ignore the fact that the electorate want us to debate the issue and instead to peddle the simplistic mantra that globalisation is wonderful, that we need immigration to grow the economy and that the trickle-down effect benefits everybody, while ignoring the very real pressures that an increasing population puts on public services, particularly in inner-city areas, does a great disservice to the cause of good community relations in our multicultural society.

As I have already said, I welcome this debate and I also welcome the frank comments made by the new immigration Minister, irrespective of whether he subsequently retracted them. I support the Government's

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steps to make the immigration system stronger and fairer, particularly to ensure that only applicants with skills needed here can come to work or study and that newcomers learn to speak English. But, above all, I welcome the fact that the Government will now ensure that people visiting the United Kingdom are counted in and counted out. At long last, we will know how many people enter the country legally each year, and how many leave.

For a number of years, after embarkation controls were abandoned by the previous Conservative Government, I tabled questions asking how many people came legally to visit and study, and how many left. The Home Office consistently told me that an average of nearly 900,000 people came every year, yet it had no idea whatever how many left. That was nonsense, and I welcome the change proposed by the Home Secretary.

The constituency that I represent—Birmingham, Sparkbrook and Small Heath—is probably the most diverse and multicultural in the country. Apart from what we could call the old immigration—from Ireland, Scotland and Wales—there has been immigration into Birmingham and my constituency from Pakistan, Kashmir, India, Bangladesh, Sri Lanka, Yemen and, latterly, from Somalia and the horn of Africa. The multicultural make-up of my constituency and Birmingham has added to the vitality of that great city.

We must be careful, however, that we do not undermine the excellent community relations that we have built up in that city. The spectre of rising unemployment poses the greatest threat to multicultural cohesion because it is self-evident that if unemployment rises, we need fewer people coming to the country, as the new immigration Minister has said, especially when in parts of my constituency, in Sparkbrook, the unemployment rate has remained above 15 per cent. even during the 10 years of economic growth and falling unemployment nationally.

Mr. Davidson: Given that parts of my constituency have similar male unemployment figures, does my hon. Friend agree that we need to consider controls over EU migration, and not just controls over migration from outwith the EU?

Mr. Godsiff: As always, my hon. Friend makes an excellent point, and, as always, I agree with him.

It is right that we debate the controversial issue of immigration rather than avoiding it. I support and welcome the all-party balanced migration group, set up by my right hon. Friend the Member for Birkenhead and the hon. Member for Mid-Sussex, and its informed contribution to the debate about immigration. My constituents—many of whom, as I said, are immigrants—want an immigration system that is firm and fair. I welcome much that the Government are doing, and I commend the amendment.

5.23 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): I think it beyond dispute that the Government have mishandled immigration. In recent months, they have been active in trying to address a problem that they themselves allowed to grow over the previous 10 years. When they came into office in 1997, the attitude was that it was racist to talk about control of immigration—indeed, I should know, because I was talking about the control of immigration. The initial signals sent out were all that the system would be relaxed: the primary purpose rule was abolished; an amnesty was granted to 25,000 asylum seekers who had not even had their applications processed; and some high-profile deportation decisions taken by the previous Government were reversed. So, the signal went out: the system is now more relaxed.

Fairly recently, when the Opposition were asking for quotas—which we were allowed to have under EU law, and as some other countries were proposing to have—when we faced the likely influx of immigration from eastern Europe, the Government's attitude was that we were being alarmist, that we had it wrong, and that it would all be perfectly all right on the night. That was a disastrous prediction, which has proved to be wholly without foundation. I think that there is merit in some of the Home Secretary's proposals, and I welcome some of them, but they have come very late.

We all tend to talk about immigration as if it were a single mass lump, but it is roughly divisible into three separate strands, although of course there are sub-strands. The first strand is work permits. On the whole the work permits system benefits us: we compensate for the deficiency of skills by bringing people in. However, what was said by the right hon. Member for Birkenhead (Mr. Field) is very true: over the years, it has become a rather stealthy method of entering the country for the purpose of home settlement, rather than merely to gain work at a restrictive time. Although there may be nothing new about that, if we are now thinking seriously about how to limit immigration, I think it right for us to examine the link between those who come here lawfully on work permits, but as a means of—equally lawful, at the moment—permanent settlement.

Chris Huhne: Will the right hon. Lady give way?

Miss Widdecombe: I should like to continue for a short while, but I promise to give way later.

Chris Huhne: Will the right hon. Lady give way on the point that she has just made?

Miss Widdecombe: On that point? All right.

Chris Huhne: I am grateful to the right hon. Lady for giving way, because I wanted to intervene on the right hon. Member for Birkenhead (Mr. Field) on exactly this point.

The scheme that you propose has been tried in both Switzerland and Germany. It is the Gastarbeiter scheme. The truth is that in a developed democracy, when the period for which people have come here to work has ended, there is not the will to throw them out again. As a result, they settle and, eventually, must be absorbed. I am afraid that you are going for a soft option which does not exist.

Mr. Deputy Speaker: Order. I am sorry to have to correct the hon. Gentleman, but he has continually used the second person, thus involving—no doubt unintentionally—the Chair. He must get his language right.

Miss Widdecombe: Indeed, Mr. Deputy Speaker. I have heard you make no pronouncement on this subject for a very long time.

I must tell the hon. Gentleman that if the problem is absence of will, we shall have to find the will. We shall have to implement the systems. That is what today's debate is is about: it is about finding the will that has been remarkably lacking in the past.

The second strand of immigration is the equally lawful but vast-scale immigration from the eastern bloc of the European Union. We had an answer to that, if only we had implemented it: to set quotas. It is possible that some of it will right itself, with people going back because of the economic downturn, but we need to take a much firmer approach to understanding that even if immigration is welcome—and I welcome the Polish plumbers: they are terrific—if it is on an unpredicted large scale, it will put a sudden pressure on the infrastructure with which we simply will not be able to cope. One of the reasons for the deep resentment that sometimes emerges from various sections of the community is not that the immigrants are unpleasant and not that people do not want them, but people's recognition that schools, hospitals, housing and other services simply are not geared up to deal with a sudden influx of that order.

Mr. Davidson: Does the right hon. Lady believe that we need managed controls on future EU migration, particularly if Turkey joins the EU?

Miss Widdecombe: Yes, I do. I think that experience teaches us that we must find some method of ensuring that we can exert more control than we have exerted so far.

The third strand, which I particularly want to address because it has been very much pushed to one side in recent public debate—swamped by the Polish plumbers—is the asylum system, which is still the biggest source of abuse of immigration in this country. It is the easiest way for people to come in clandestinely and then utter the magic words "I claim asylum". They must then be admitted to the country while we examine their claims. As this is a country without identity cards and with a flourishing black economy, even now, it is also a country in which it is phenomenally easy to disappear. It is very hard to—

Paul Rowen: Will the right hon. Lady give way?

Miss Widdecombe: I want to pursue this issue for a while as it relates directly to a point raised by the Home Secretary. This is a phenomenally easy country in which to disappear and the message that goes out is, "If you can get in to Britain, you are very unlikely to be removed." Twice today, the Home Secretary came up with a ludicrous statistic: that we are removing somebody from this country every eight minutes. Once the Government have stated targets, it is, as the Home Affairs Committee pointed out, the soft targets that are removed.

We do not have an army of immigration officials trying to find those people who came over here, registered and then disappeared into the system, precisely because they are mighty hard to find. Instead, we have people going to the doorsteps of those who have stuck by the rules, given their names and addresses to the Home Office and reported faithfully every week. Before now, on constituents' behalf, I have given chapter and verse in this regard. Then we hear, "Oh look, it is a removal." We must distinguish between removing those who are seriously abusing the system and removing those who have stuck to the rules but who may then be unsuccessful. There is a huge distinction and it is one that the Home Secretary was very careful not to make.

I can only say that I stand by the policy that I have always advocated for the control of the abuse, not the use, of the asylum system. I believe that all new asylum seekers should be housed in secure reception centres while we consider their claims, so that we can distinguish much more quickly the genuine ones who get clogged up in the system. That cannot, of course, be done by Tuesday afternoon; it has to be rolled out. Under that system, we will know where those to whom we will say no—which can be 80 per cent. in any given year—are, and will be able to remove them. Then the message will go out: "Come to Britain with a false or flimsy claim and you will be detained, dealt with quickly and sent back." Nobody will pay £5,000 to a human trafficking agency for that.

That is not to say that we do not welcome those who are genuine, but simply trying to solve this by finding—by whichever way it is done—some overall number, as the Home Secretary seemed to suggest, and saying that everything has to be dealt with within that number, will not allow us to make the distinction between those who use the system and those who abuse it.

Paul Rowen: Will the right hon. Lady give way?

Miss Widdecombe: I will in half a second. The greatest resentment that people feel towards immigrants is towards those who come here illegally, play the system and do not contribute. If we are seen to address that, there will be a generosity towards the others.

Paul Rowen: I am grateful to the right hon. Lady. Does she agree that in addition to the abuse, perhaps the greatest issue as regards asylum seekers are the legacy cases—the 430,000 people in this country whose whereabouts are known to the Government and whose cases are still unresolved? Does she agree that that is a real and pressing issue?

Miss Widdecombe: It is obviously in the interests of fairness and efficiency to resolve people's cases. With my system acting as a deterrent to people coming in, we would have fewer cases to deal with and we would be able to resolve them much more quickly. I regard my proposed system as a contribution towards greater fairness and efficiency. As I said, there are genuine people clogged up in the queue.

Mr. Frank Field: Does the right hon. Lady accept that if we had a Government who were more successful in controlling our borders, the case that she is making would become more important as people sought other ways of entering when, up to now, they have found it easy to come here legally?

Miss Widdecombe: The right hon. Gentleman and all the House will accept that, whatever we do, people will try to find ways round it. That is why I am trying to counteract such disappearances.

[Miss Widdecombe]

However, none of this is to say that we should not welcome genuine asylum seekers. We live in safety; we will walk out of this place tonight without fear of arrest or persecution because, even under this Government who try to police everything, we still live in a reasonably free country. We should remember that, but that is not to say that we should ever tolerate the consistent and growing abuse of our system, which does a disservice not only to the indigenous community, but to those who are welcome here and who seek to join us on a lawful basis.

5.35 pm

Stephen Pound (Ealing, North) (Lab): It is an honour and a pleasure to follow the right hon. Member for Maidstone and The Weald (Miss Widdecombe), and I do not mean to cause offence, so I hope she will not mind too much if I say that Poland is not in eastern Europe. This is not as difficult as the difference between Kentish men and men of Kent; a brief examination of an atlas will show that Poland is in fact at the heart of Europe.

Miss Widdecombe: I meant that Poland was a former eastern bloc country, which it was.

Stephen Pound: Not for the first time, and certainly not for the last, I stand corrected.

It is absolutely right that almost every contributor to this timely and important debate has mentioned the extraordinarily beneficial impact of immigration on this country. These islands are, in fact, a nation of immigrants. I sometimes think that my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) is probably the only purely English Member of this House. If we think about what makes up our nation, it is clear that we have been refreshed by constant waves of immigration. However, despite—or, maybe, because—of this, we have never been able, at least during my brief time here, to discuss this subject objectively and sensibly; we seem to have squeezed ourselves into, as it were, a lobster pot of liberalism, whereby we are so anxious to avoid giving offence that we cannot realistically discuss it. One of the easiest things for Members to do in this House is to make a speech in defence of unlimited immigration to this country, and to talk about the great advantages of that, and always to play the race card in a way that is not normally thought of, as it is actually playing the racist card. We can easily make a speech that is something of a Southwark squirm, going on and on about the great advantages and simply refusing to accept that there are also profound differences and disagreements.

The hon. Member for Ashford (Damian Green)—who appears to have been temporarily deported from his place in the Chamber—made an extraordinarily interesting contribution, but he was wearing the fixed smile tinged with anxiety of the charity mugger as he was trying to make his case, because the point he was making sits ill with the reality of his party's actions when it was in power. I cannot be the only hon. Member who remembers that in 1997 people would come to advice surgeries who had done 14 years on student visas—14 years doing degree after degree, and constantly coming back and retraining. After 14 years, many of them were married and had children, and it would have been a vicious cruelty to have then forcibly removed them from this country.

We have heard about legacy cases. There were people coming to my surgery in the late '90s and the beginning of this century who had been here for so long that they had almost forgotten where they came from, and these people were in many instances supported and subsidised by crooked solicitors and lawyers. If there is one thing we should do above all it is to continue in our examination of, and clamping down on, those blood-sucking leeches who take cash from the weakest and most vulnerable people by holding in front of them the false promise of British citizenship in exchange for a lump sum in cash. That was the reality then.

David Taylor (North-West Leicestershire) (Lab/Co-op): I would be grateful if my hon. Friend could find the time during his contribution to respond to the suggestion made by the hon. Member for Mid-Sussex (Mr. Soames) and my right hon. Friend the Member for Birkenhead (Mr. Field), the co-founders of the group on balanced migration of which I am a member, of breaking in two the process of arrival here and ultimate settlement, with just a stage for points to be obtained for employment purposes, and then points at a later date, perhaps, to be obtained for settlement. Does my hon. Friend not agree that it is important to break that automatic link?

Stephen Pound: My hon. Friend seldom rises to speak in the House without enlightening us. He scatters the caliginosity that sometimes reigns here, and as ever I agree completely with him. He is absolutely right that there has been an automaticity in the process. The assumption was encouraged, in many cases by those who should have known better, that once a person had worked here for a certain period, the process would be just as the right hon. Member for Maidstone and The Weald said. It was assumed that someone would claim asylum, be refused, appeal, be refused, go to an asylum and immigration tribunal, be refused, make a human rights appeal, be refused and then somehow get exceptional and then indefinite leave to remain. They would then become a British citizen. It was a tedious, long process that utterly destroyed any attempt to have managed, let alone balanced, immigration.

We are discussing not specifically asylum seekers but the Australian points-based system, secure borders and border controls. Above all, we are discussing a profound and fundamental disconnect between what is often said in this House and what is felt, feared and expressed by our constituents and in the wider world. I am not saying that we are guilty of some trahison des clercs, but we seem not to be in tune with the majority of people in this country. In that darkness, extremism grows. If we do not confront the issue utterly seriously, people who have no interest in democracy will flourish. That is the true problem, and that is why it is so important that we discuss the matter today.

Mr. Davidson: Given that my hon. Friend is on his train of challenging sacred cows and listening to the views of our constituents, does he agree that we ought to be questioning whether uncontrolled EU migration should continue to be accepted?

Stephen Pound: My hon. Friend, in his seductive way, tries to lead me down a different byway.

Mr. Davidson: Is that a yes or a no?

Stephen Pound: No, I do not agree with my hon. Friend on this occasion, but I do believe in a managed, balanced migration system, wherever the migrants come from. We are a European nation and part of Europe, and I am proud to be a European and a Londoner. We gain massively from our membership of the European Union and I see absolutely no problem with it, but it does not completely devolve power and control over our own borders. That is why, given all that I have heard from the Minister, I salute him and am immensely grateful to him for raising these often uncomfortable subjects. He has done the House and the nation a great service. Since April, 11,000 potential illegal immigrants have been detected and prevented from crossing the channel. That sort of action and work and the move towards a border agency are very important.

The hon. Member for Ashford talked about a border police that would be responsible for removals. When I am on holiday, I sometimes find it embarrassing to admit my job, and sometimes I suffer from difficulties. Can the hon. Gentleman imagine what sort of person would admit to being a member of the deportation squad? That is what we are talking about—a sort of Waffen-SS of the Border and Immigration Agency. The people involved would have the specific job of being deporters. Who would do that, and how could they do it objectively? That is why the existing structure of the UK Border Agency is so much more sensible, so much better and so much more with the grain of public opinion.

Alistair Burt (North-East Bedfordshire) (Con): Before the hon. Gentleman completely wipes the slate clean about how these matters were handled in the past and praises the fact that we are now able to talk about them in a responsible atmosphere, will he concede that when my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) and I introduced regulations to control asylum benefits and made many of the same arguments about the difficulties of controlling asylum and immigration when we were in office, we did not get the same considered reception from the Opposition Benches? The undercurrent from the Opposition was that our motives were wrong, which is not how the current Opposition are prepared to handle the debate. We would have been able to have much better discussions had the Opposition at the time handled the matter differently.

Stephen Pound: Not for the first time, people conflate asylum with immigration. We are not talking about asylum. It has been heard strongly from Conservative Members that no one is talking about resiling from our position on people seeking asylum in this country. That is not what we are talking about; we are talking about people who come to this country by different routes, be it those who come as students and subsequently stay, or those who come through arranged marriages and then enter into a society and a community, which is not in their interests or ours. We are not talking about simple asylum per se, because, as far as I am aware, no one in the Chamber is saying that we should resile from our international obligations to offer asylum. Denying benefits to asylum seekers very much comes into that category, and if the hon. Gentleman did not receive the support of all parties in this House, it was perhaps because of the point that he was making and the way in which he was making it. Surely we can agree that there cannot be one person in this Chamber who does not feel that we must have a fair system that works and is in the national interest. The disconnect worries me, because my constituents, like most of our constituents, do not believe that our system is fair. That is why I support the Prime Minister's amendment.

Miss Widdecombe: This follows on from what my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) said, and it leaves aside the question of asylum. When we proposed—I was the poor muggins who had to take it through—to oblige employers to check up on the right to work of the people whom they were employing, we were cried down by Labour Members, who said that it was unreasonable. Everything has changed. The tone has changed. Does the hon. Gentleman recognise that Labour Members have not contributed much to that change?

Stephen Pound: I accept that the tone has changed since the late Enoch Powell, when he was Health Minister, spent the early 1960s going round the West Indies begging people to come here. I accept that it has changed since the Opposition proposed some fantasy island where asylum seekers would be housed. I accept that the tone has changed, but I hope that, like me, the right hon. Lady and all in this Chamber will accept that the current situation is not about race; it is about numbers and volume. That is more important for our nation and the people whom we are sent here to represent than any possible partisanship on this matter. We have to go forward, accepting that everybody has made mistakes in the past and that we are living with the dragon's teeth sown then. We have to address this issue tonight, and the amendment tabled by the Prime Minister lists a safe, sane and sensible way forward that will ultimately unite, not divide.

5.48 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I am grateful for the opportunity to speak in the debate, which is so different in tone and content from so many debates that this House has had on immigration over the years. A number of distinguished contributions have been made, including those by the right hon. Member for Birkenhead (Mr. Field), my hon. Friend the Member for Mid-Sussex (Mr. Soames), and the hon. Members for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) and for Ealing, North (Stephen Pound).

The Government's case on immigration up to now—we are about to find out whether or not it has changed as a result of the appointment of the new immigration Minister—has been based on three pillars. First, that mass immigration is economically necessary and brings substantial economic benefits; secondly, that mass immigration is socially beneficial, giving us diversity and cultural benefits that are wholly positive; thirdly, as a consequence of the first two, that the only reason anyone can have to oppose mass immigration is bigotry

[Mr. Peter Lilley]

and a bigoted hostility based on a caricature of all immigrants as scroungers, criminals, layabouts and ne'er-do-wells, that we should have no truck with that and that any opponent of mass immigration must be motivated by bigotry and hostility to immigrants.

As far as I am concerned, I have never accepted that caricature of immigrants. I believe it to be, essentially, the reverse of the truth, which is that most people who come to this country to live, work and settle are hard-working, law-abiding and motivated only by a desire to do better for themselves and their families. The caricatures sometimes portrayed in some of the tabloids are the reverse of the truth.

However, because I do not accept the first two pillars on which the Government's case has been based, I have always thought that there are other reasons why we should question the need for mass immigration. I shall not dwell on each of the supposed economic benefits that the Government have from time to time suggested, because I have rebutted them in a pamphlet entitled "Too much of a good thing? Towards a balanced approach to immigration". Its title presaged the formation of the all-party group on balanced migration. Those supposed benefits were also more authoritatively refuted by the House of Lords Committee report on immigration, which has not received an adequate response from this Government.

I know of no serious study that has found any substantial economic benefits from mass immigration accruing to this or any other country. The Canadian royal commission concluded:

> "The broad consensus...is that high levels of immigration will increase aggregate variables such as labour force, investment and real gross income, but cause...real wages to decline."

A similar conclusion was reached by a similar high-level US study set up by Congress. In this country, the Government's favourite think-tank, the Institute for Public Policy Research, published a study by Mark Kleinman that concluded:

> "There is not a compelling long-term case for increased immigration purely in terms of economic benefits."

The leading economist on such matters, Professor Borjas, has concluded that the economic benefits from immigration are small, and not a single academic body has concluded that they are high. So the Government's case, as far as the economics are concerned, has always lacked substance. That is not to say that we should have no immigration, but the case for mass immigration as economically necessary is wrong.

I have often said that immigration is like a lubricant, not a fuel. Cars need a certain amount of oil, otherwise they will not go. If they have lots more oil put in, they do not go any faster—indeed, they clog up. Immigration is not the fuel that is needed to make an economy grow faster. Of course we should allow some immigration, to lubricate the economy, but we should not allow or encourage mass immigration in the belief that it is economically necessary.

Mr. Davidson: Given that the right hon. Gentleman seems to be expressing the view that there should be controls on migration, is he of the view that there should be controls on migration from the EU?

Mr. Lilley: I do not think that they are either necessary or desirable, for the simple reason that there is little net migration from one wealthy country to another. There has been some immigration from the new poorer countries that have come into the EU, and we should have exercised the powers that we had under the treaty to limit that. We did not, it is too late and I would not advocate leaving the EU in an attempt to put the clocks back—because that is what would be necessary to change the situation. In the longer term, there is likely to be little net migration within the EU unless and until we are foolish enough to allow Turkey in without appropriate measures to deal with the potential demand from that very large and very poor country.

The co-chairman of the US Senate committee, Professor Teitelbaum, enunciated what he called Teitelbaum's law—that there is no such thing as temporary immigration from a poor country to a rich country. The counterpart is that flows between developed countries are normally for comparatively short periods, five or 10 years, and reverse themselves.

As for the alleged social benefits that flow from mass immigration, I accept that some immigration does bring the benefits of diversity and cultural variety, but those benefits do not increase proportionately with the numbers. Having one Indian restaurant is fine, as is having two or three Indian restaurants, but 10 times as much benefit is not gained from 10 Indian restaurants, just as mass numbers of people with different cultures do not bring proportionately greater benefits than comparatively modest numbers. The idea that we need to allow unlimited—or mostly unlimited—immigration to achieve some of the benefits of diversity and cultural enrichment is mistaken.

Anne Main: The Communities and Local Government Committee visited Peterborough and talked to residents, many of them from different ethnic backgrounds. They said that the problem was that the new influx was causing strains because of its sheer volume. It was not the ethnicity or the diversity that were the problem, but the sheer pace of change, and that was causing problems in settled ethnic minority communities.

Mr. Lilley: That is certainly true, and I found that when I represented much of the seat now represented with such distinction by my hon. Friend in St. Albans. I have represented large numbers of Bangladeshi, Pakistani and other ethnic groups, as I now do Sikh and other groups in my constituency. Many of them have grave reservations about the impact of continued mass immigration on the stability of their communities.

Sometimes there is something rather patronising and fundamentally racist—in an anti-British sense—about some of the arguments. As the hon. Member for Ealing, North almost suggested, we are held to be in need of a constant influx of people because we need refreshment and strengthening, without which we poor Brits could not survive. Of course we want to welcome a flow of people from abroad, but the idea that everybody who comes to this country is so superior to those already here is a bit of an absurdity.

Stephen Pound: That is a parody of what I said. We all know the consequences if a group of people descend into inbreeding without refreshment from outside. I am not saying that we are an inbred society, but refreshment from outside is healthy.

Mr. Lilley: In parodying the hon. Gentleman, I was taking over his normal role, and I apologise for that.

I became interested in the issue of immigration not primarily because of the economic, social or other consequences, but because I was puzzled about the constant rise in the targets for new house building imposed on my constituency. When I looked at the figures, I found that the driver was net immigration into this country which, according to the numbers to which the Government have admitted, will account for a third of the expected population growth and household formation. If we allow for the increased projection in immigration, the figures show that more than 40 per cent. of new housing in the UK is required to accommodate the net inflow from abroad. That is absurd. If we had a more balanced migration policy, with those coming to live, settle and work here roughly balanced by those returning home or emigrating, we would not have the same unmanageable pressures to build new homes in the south-east and on the green belt.

It is not unreasonable in a country—England—that is now the most densely populated country in Europe, even more than the Netherlands, for people to be concerned by and worried about that fact. Most of them are not motivated by bigotry or hostility to incomers, many of whom are their neighbours. If those people are members of the upper middle classes, as the right hon. Member for Birkenhead said, they have personally benefited from the availability of relatively cheap servant labour. Indeed, it constantly puzzles me that in this House, an issue that is essentially a class issue—the desire of the upper middle classes to have an unlimited supply of labour—is supported more by the party that is supposedly the party of the working class than it is by those on the Opposition Benches.

We need to know whether the Minister is changing policy or not, or whether he is simply making outrageous statements to get publicity, as has been done so many times by Home Office Ministers. The right hon. Member for Sheffield, Brightside (Mr. Blunkett) deliberately used the word "swamped" to get controversial headlines. His successor, the right hon. Member for Norwich, South (Mr. Clarke) talked about driving out people who are a burden on this country. His successor, the right hon. Member for Airdrie and Shotts (John Reid) said that foreigners come to this country and steal our benefits. We have had all those statements, which get good headlines and create the impression that policy is being changed, but policy is unchanged and the number of people who are allowed to come here, to settle and to work in this country increases inexorably.

Last year, there was a gross inflow of more than 600,000 people to this country. That is far larger than anything that has been experienced, both proportionately and in absolute terms, by this country in the past. It is time that we changed the policy, as the Minister said that he would before he subsequently appeared to change his mind on the radio, backtracked and rowed away from the idea.

6.1 pm

Colin Burgon (Elmet) (Lab): I begin by doing something that is very unusual for me—defending a Manchester United supporter; I understand that the Minister is one. I am not requesting a job by defending him, but I watched his performance on the TV and I thought he was straightforward. The proposals are to be welcomed.

The debate is also to be welcomed because, as several Members have said, the issue is very important among our voters. We do it a disservice by not bringing it to the attention of the House and speaking about it in a much more detailed and vigorous way. We must have the debate, and it is being conducted constructively. That is particularly true of the comments made by my right hon. Friend the Member for Birkenhead (Mr. Field). His proposals offer us a way of developing some consensus on the issue.

It is also right to want to discuss, consider and debate the question about the optimum population of the country. We have heard comments about the growing population in the south-east of England, the various environmental pressures that it gives rise to, and the population per square mile. It is legitimate to ask what numbers we think that the country, as a given area on the planet, can sustain.

It is right that such a legitimate discussion should be held in the context of the policies of a nation state. The debate about what is legitimate and what is within the realm of a nation state is critical at the moment. Over the past 20 years or so, we have seen the concept of a nation state denigrated by globalisation and the forces that have been unleashed by neo-liberal ideology. I would argue that in the past few weeks we have seen a classic example of what unregulated markets can do and of the chaos that spins out from markets being unregulated. Unless we manage migration, it has the same potential to cause massive repercussions and problems in our society. As I said, the concept of the nation state has been undermined by the supremacy of the neo-liberal theory that the world exists simply as a place in which the free movement of goods, capital and labour is to be supported at every turn.

Let me pick up on some of the comments made by the Conservatives. We have, in effect, had an incomes policy in this country for the past decade. That incomes policy is a migration policy. It has hit not the big earners, but the unskilled and the semi-skilled. If we refuse to accept that, we refuse to come into contact with reality. Any MP worth their salt gets out and about, and that is what they pick up. Evidence has already been quoted from the House of Lords Committee that was set up and from various Trades Union Congress reports showing that the net effect of mass migration has essentially been to drive down the wages, terms and conditions of the unskilled and the semi-skilled.

Some people trot out the argument that we have always had migration into this country. Let us stop and consider the historical examples. We are moving in completely different times from those that we have had before. Earlier, the example of the Huguenots was quoted. The edict of Nantes, as we all know, was revoked in 1685 and the Huguenots were faced with a choice—either they stayed in France or they left. It was a matter of life and death.

I owe my presence here to the large migration of the Irish community in the 1840s, following the failure of the potato crop. At the same time, the British empire was exporting food from Ireland, even though people were starving. The Irish came here because it was a matter of life and death. Similarly, one could argue that

[Colin Burgon]

for the Jewish population that arrived at the turn of the century, following the pogroms in Russia, it was a matter of life and death. Commonwealth immigration in the 1950s and 1960s was essentially part of the political deal. We had exploited those countries for 100-odd years, and the deal was that they could have access to this country, too.

What drives the current movement? We have heard it expressed: people want to develop some form of capital to go back to their original country and set up a business. If the migration that we are experiencing at the moment is driven by no more than the "honourable" desire to drive a Mercedes, build up a little capital, get a big business and acquire the latest electrical goods, I will not be won over by that. That form of movement will be fought in the last ditch.

What steps can we take to address the huge population movement? I am sorry that my hon. Friend the Member for Glasgow, South-West (Mr. Davidson), with his absolute obsession with asking everybody about their policy towards the EU, has left. If he were present, I would tell him that I think that we should be raising the point in the EU that nation states ought to have the ability to control migration, even within the EU. That is a sensible policy. If the institution is not flexible enough to respond to that, there must be question marks against it.

We cannot divorce mass migration movements from global inequality. People seek to migrate to the UK, to other countries in western Europe and even to the United States because they cannot have well-paid jobs in their own countries, because they have no proper health service and because they have no proper education. The role of the International Monetary Fund and the World Trade Organisation in determining the outcomes in their states has been particularly injurious. In accepting that this is a global issue, we need fairer trade and more aid. This is a global issue, but the essential instrument for addressing it is the nation state. We should focus on that in the future.

6.9 pm

Mr. Mark Field (Cities of London and Westminster) (Con): It is a pleasure to follow the thought-provoking contribution of the hon. Member for Elmet (Colin Burgon). It has been an interesting debate, which has often been at cross purposes. I will probably have a share of that in my speech today. However, I very much agree with two speeches made by Labour Members, who said that the British National party has picked up support and votes only because mainstream politicians have so patently failed to articulate public concerns, to the extent that the only outlet for such worries about immigration is often to be found at the extremes of the political arena. Anyone who is complacent about these matters need only look at the BNP's success at local elections to see that, week in and week out, in places where one would not expect the BNP to have even the tiniest bit of support, it is getting 15 per cent. to 20 per cent. in council by-elections.

Had we always made room for sensible, rational discussion on immigration, the immigration system would have been sharpened and improved to the benefit not just of the indigenous population—by which I mean both the black and white indigenous population—but of those seeking new lives in the UK. Those who seek to silence debate on this topic by crying racism should be under no illusions about the nature of the current system. It is, I am afraid, often confused, inequitable, unjust and so administratively chaotic that not only is the British taxpayer being failed but legitimate migrants and illegal immigrants alike are often being mistreated.

I hope that the House will forgive me for being slightly parochial, but I represent the Cities of London and Westminster constituency in the heart of our capital. Westminster especially—which to most British people is uninhabitable because of the exorbitant cost of renting or owning property here—is one of the top destinations for immigrants arriving in Britain for the first time. It is a constituency of the very rich and the very poor, and an area of incredible hyperdiversity and hypermobility. That causes some very real problems on the ground, and I spoke about them in the House only a couple of weeks ago when I set out the difficulty faced by Westminster city council in providing services for all those unaccounted for in census data. I am sure that those difficulties will be familiar to all hon. Members who represent other inner-city seats.

Immigration is the single biggest issue in my constituency postbag. It gives me—or I suppose it would be more honest for me to say my private office—daily exposure to the chaos that is rife in the Home Office system. I do not want to make an overly partisan point, as it is fair to say that many of the problems predate 1997. I suspect that they will remain for some years to come unless we get a grip on them.

The people who write to me are not necessarily voters, but my staff and I devote enormous amounts of time to trying to help them with their various complaints against the Home Office. In preparing this speech, I looked only at the last week of cases that have been brought to my attention. It was a light to medium case load, with nothing exceptional and no out-of-the-ordinary cases. From the replies that I have received from the Home Office, it is clear that there were three cases in which a constituent had arrived in the UK many years ago, had been denied asylum, had had numerous appeals rejected and yet was still living here—and that is a problem to which a number of other contributors to the debate have alluded.

In fact, one person had been told that he had no basis of stay and yet he resided—I can only assume mistakenly—in one of our precious social housing properties. That is heartbreaking, considering the number of letters that I get letters from lifelong Westminster residents who are forced to leave the capital as a result of being employed in low-paid jobs that make them just wealthy enough not to be considered a priority for social housing.

I do not wish to be accused of taking any of the Government's actions out of context for political gain in this debate, so I shall simply read the UK Border Agency's reply to another of my other constituency cases that came in this week. I shall call the constituent Mr. A, for privacy reasons, but the letter speaks for itself in exemplifying just how ludicrous our immigration system can be. It states:

"Mr A arrived in the UK and applied for asylum on 15 September 1996. The asylum claim was refused on Third Country grounds on 17 September 1996."

So he arrived more than 12 years ago, and his asylum claim was refused just two days later. The letter continues:

"On 23 September 1996 it was decided that his claim should be considered substantively, and Mr A's application for asylum was refused on 11 August 1998. Mr A applied for Further Leave to Remain on the grounds of marriage on 18 July 2000".

The House should note that that was two years after he had been refused asylum.

"He requested that his application be considered together with his application for asylum. Mr A's appeal against the decision to refuse him asylum was dismissed on 9 October 2001...Further representations were submitted on Human Rights grounds on 30 November 2001 and additional further representations were submitted on 22 December 2004".

Again, another three years seem to have passed in the flick of an eye.

"Mr A was sent a family questionnaire for consideration under the terms of the Family Indefinite Leave to Remain Exercise on 8 March 2005. He was found to be ineligible due to an unspent criminal conviction on 5 October 2005."

There was a further reconsideration of his application on 2 March 2006, and he was again found to be ineligible, as he had not declared that he had a criminal conviction. Further representations were submitted in June 2006 and a request for humanitarian protection was made at that stage.

The case remains outstanding. I am sorry to have gone into such detail, but it is not untypical of the sort of case that MPs see. Heavenly only knows when it will be resolved, but the whole sorry catalogue of events represents a relatively unexceptional constituency case and raises many questions. For instance, why, after he had been refused asylum so often, was this constituent not deported?

I could go into some detail about other, similar cases but I appreciate that time is tight in this debate. However, I feel that the easiest option for reducing the overall number of immigrants would be the most ill-advised route in many ways and, to that extent, I do not entirely agree with the contributions that have been made by hon. Members on either side of the House.

An ever-expanding number of non-EU nationals—and especially people working in highly skilled, global industries—are coming to this country and boosting our economy. A drastic reduction in that group would be neither desirable nor advisable. Similarly, we could relatively easily slash the number of non-EU students coming here to study, or prevent them from staying on to work for two years after graduation. However, I believe that the Labour Government have got that matter absolutely right over the past 10 years: we need to encourage that set of people, not least because many of them will return home as great ambassadors for this country in the decade to come.

Among the other groups of people who come to live here are the many dependants, relatives and would-be relatives of previous immigrants. They often arrive with very few skills and little understanding of the English language. I think that all hon. Members accept that that issue will continue to be very sensitive, and there are strong practical reasons why Members of Parliament who are in contact with the Home Office need to ensure that at least some of those immigrants will continue to come to these shores. A degree of hypocrisy is often evident: we all make great representations on behalf of our constituents because we recognise that there might be some electoral advantage down the line, but we also make strong statements about the generality of the matter. Complaints about immigration can be applied to each and every one of us, as Members of Parliament, just as much as they are to the Home Office.

It seems to me that we could also look to stem the number of asylum seekers who come here as political refugees, or indeed to restrict the major immigration influx coming from the EU. As many other hon. Members have pointed out today, however, we are signatories to several international agreements and we are also a signed-up member of the EU. Short of withdrawing from such treaties and reneging on our duties as an EU member state, there is little that we can do to stop such parties coming to our shores. Even so, it was interesting to hear the hon. Member for Elmet and the right hon. Member for Birkenhead (Mr. Field) make it clear that they felt that it should be possible for nations in an expanded EU to have some special immigration arrangements.

Given the severe limitations on our room to manoeuvre, it is all the more important that we deal effectively, swiftly and pragmatically with each and every person who makes an application to live here. I fear that the quota system for immigration will lead to a distortion of statistics, priorities and our economic needs. Above all, it is therefore crucial that we tighten the current decision-making process, stand firm once a decision has been made, and act quickly to remove any person found to have no basis of stay.

As other hon. Members have pointed out, the relatively clement economic weather until recently has allowed us to turn something of a blind eye to many of the problems that I have described. However, a continued refusal to get a grip on our immigration system risks causing conflict in British communities that will haunt us in the decades to come.

6.18 pm

Martin Salter (Reading, West) (Lab): I see that the immigration Minister has returned to the Chamber, and I welcome him back to his place, as many of the comments that I intend to make will be aimed in his direction. I and many of my colleagues support his intervention in the debate over the weekend—certainly his first intervention, anyway.

I rise to speak against the rather negative motion tabled by the Conservative Opposition. In my short contribution, I shall draw on my own experience of representing the multi-ethnic and multicultural town of Reading for the best part of 25 years—first as a councillor and then, for the past 11 years or so, as its Member of Parliament. I will also draw on the evidence given to the Home Affairs Committee about the Government's new points-based immigration system and the advantages that it will bring.

We all, if all too rarely, get moments of stunning clarity—others might call them flashes of inspiration—in our busy lives as Members of Parliament. Luckily for me, I was uncharacteristically inspired at an event one Saturday in the summer of 2004 in helping to produce a piece of work of which I am immensely proud. It became a book celebrating the contribution to Reading made by the people who came to our town from all over the world in search of a better life. Two years later, with

[Martin Salter]

the help of the Heritage Lottery Fund, Reading borough council and local charities and volunteers, our book, "Routes to Reading", was published, chronicling the stories of 19 people—from Bosnia to Barbados, from Italy to Ireland, from Uganda to Ukraine—who now make up the rich and diverse community of Reading. I urge other hon. Members to set up similar projects in their constituencies, particularly if, like me, they are sick to the back teeth of immigrant communities being regularly trashed by sections of the media who seem happy to do the hate-filled work of the British National party for them.

I will read into the record the background to the Reading immigrants project, as it gives a useful insight into the patterns of immigration to my town:

"The event was held at St. Giles church in Southampton Street and I was invited along in my capacity as a local MP, with my predecessor Sir Anthony Durant"—

who some Conservative Members will remember with affection.

"Sitting at the front of the church I looked out on the sea of faces, many of whom I had known for most of the 20 years that I had spent in public life in Reading. There were people from St. Vincent, Barbados, Jamaica, Guyana, Grenada and elsewhere. Somewhat morbidly I recalled how we were all aging fast and then I realised that unless steps were taken soon all these people's memories and stories would be lost and an important part of the history of our town would never be told.

You see, Reading is a town based on immigration. Initially from rural areas in the south of England in the 19th century as people moved off the land to work in the factories, brick kilns and mills which sprang up as part of the industrial revolution. There followed further immigration from Wales, Scotland and Ireland as workers sought new opportunities not available to them in more economically depressed areas.

The stories collected by this project, of which a selection are reproduced here, tell of people fleeing war-torn Europe following the Second World War, Bosnia in the 1990s, and political persecution in Zimbabwe. They tell of people seeking security and freedom, a new life to overcome poverty or a desperate situation at home. They tell of separation and romance, some coming to join their partners, or to seek out new opportunities."

My town is a diverse community with a proud record of good race relations. While it is legitimate for us to talk about community cohesion and the impact of large-scale migration, let us never fall into the trap of using language so intemperate that we demonise people who have made such a contribution to the country and communities in which we live.

Having celebrated the contribution made by the majority of hard-working members of our immigrant communities, I turn to the policies designed to ensure that migration is properly managed and that our systems are fair and transparent. I support the introduction of the points-based immigration system; indeed, my only regret is that the Government failed to introduce it much earlier. I have just returned from a Home Affairs Committee visit to India and Bangladesh, where we saw the points-based system in operation. It became clear to members of the Committee that it was working pretty well in the visa centres that we visited in Dhaka and Delhi. However, concerns were expressed in three areas. First, should there be an independent review of decisions, not just the administrative case review that takes place at the moment? Secondly, will global companies, many of which are based in India, be able to obtain the work permits that they need to enable their businesses to prosper? Thirdly—we have all read about this in the press—Bangladeshi restaurateurs were worried about potential shortages of trained curry chefs and their inability to qualify through the tier 2 process.

Having taken evidence—unlike the hon. Member for St. Albans (Anne Main), I was actually at the various meetings in Bangladesh—my personal view is that those concerns are unfounded or resolvable. For example, it would be perfectly possible to introduce a more transparent system into refusal decisions, but I do not think that anyone would want us to take the route of allowing for a judicial review and the inevitable delays that that would trigger. A judicial review in such circumstances would only jam up the process; and after all, a work permit is not an inalienable human right.

As my hon. Friend the Member for Luton, South (Margaret Moran) said, we had an excellent meeting with the trade association, the National Association of Services and Software Companies, or NASSCOM—a body with more than 1,200 members, of which more than 250 are global companies from the UK, the United States, the European Union, Japan and China. It was clear from talking to the people at NASSCOM that on the whole the points-based system was working well, and that many of their initial fears were unfounded. Based on a study carried out in 2007, NASSCOM found that the average stay of employees of its member companies in the UK was 18 months, so the pattern of migration was short-term working rather than longer-term settlement.

Mr. Andrew Pelling (Croydon, Central) (Ind): Given the hon. Gentleman's expertise having served on the Select Committee, does he feel that the points-based system could be used at times of economic downturn, as I would like, to bring about a net reduction in population, taking advantage of overall emigration from this country?

Martin Salter: The hon. Gentleman is inviting me to bring my conclusions into the middle of my speech. I think that my hon. Friend the Minister would say that the points-based system, as opposed to a crude cap, gives us levers and valves that can be turned within the existing five tiers to manage the flow of numbers, but based against the needs of communities, public services and the economy. That is the difference between the two approaches.

The Conservative motion is somewhat incoherent. We have heard good contributions from Conservative Members that make the case for an overall cap in numbers. However, the motion recognises that nothing can be done about the flow of workers in and out of the EU. In that context, a cap would be fairly meaningless, and Conservative Members should reflect on that.

There is another reason why a crude cap should be approached very carefully. We heard from NASSCOM that the US quota system issues about 65,000 work permit visas annually. The quota opens on 1 April. By 6 April, there are about 150,000 applications, which are then dished out on a lottery basis. That hardly takes into account the needs of business or the changing needs of the economy over a 12-month cycle.

The Committee also considered what would be the likely impact on our economy if Britain were to introduce such a crude cap. We asked British high commission

staff to estimate the impact on UK business of a quota on UK immigration. Overall, the value of bilateral UK-India trade alone is £9 billion annually. The staff considered that the Indian IT sector in the UK is worth £3 billion to £4 billion annually. It was made clear to us that if we took the approach of a crude cap, as proposed in the motion and elsewhere, much of that business would transfer to eastern European countries and the British economy stood to be the net loser. The points-based system is the right approach, but it will need Ministers who are forthright enough to say no, and who will turn the taps, pull the levers and use the mechanisms that the system delivers to control and manage migration.

I have worked with the right hon. Member for Maidstone and The Weald (Miss Widdecombe) and with parties across the House in trying to get justice for Gurkhas. How would that fit with the Conservatives' proposed cap? If a quota system were introduced tomorrow, would they breach it if we got the right policy decision from the Home Secretary, as I hope we will in a few weeks' time, to allow in a few Gurkhas each month—people who are prepared to put themselves in the way of a bullet to defend this country, and who we all want, in our heart of hearts, to be given settlement rights in this country? I am afraid that the Conservatives have not thought through their policies, despite the fact that they have made some good contributions.

Finally, I want to turn to what occurred in Sylhet as regards the concerns of the Bangladeshi restaurateurs. We have between 300,000 and 400,000 people of Bangladeshi origin in Britain, some of whom are in the most deprived communities. I do not accept the argument that it is only possible to recruit a trained Bangladeshi curry chef from people who are already living in Bangladesh. Nor do I accept the absurd contention in the latest edition of *Curry Life*—a magazine that I commend to all hon. Members—that the points-based system is completely racist. A system that applies equally to a white Russian, a black Jamaican or someone from south Asia is not racially motivated. It is about meeting the needs of the economy, and the needs of the restaurant sector can be met by internal UK recruitment or the establishment of a college in Sylhet, part-funded by the Department for International Development, which will allow the training of chefs to enable them to acquire the tier 2 qualification.

This is an important debate, if not a coherent motion. It is right and proper that we have a new approach to migration, but it is equally right and proper that we clearly acknowledge the massive contribution of immigrant communities to all our communities and to making Britain the liberal, tolerant society that we should all be proud of.

6.30 pm

James Brokenshire (Hornchurch) (Con): I am delighted by the welcome given by many Members on the Government Benches to this debate. When I was preparing my comments over the weekend, I wondered whether it would be an example of a brave new period of bipartisanship, given that the new immigration Minister, whom I welcome to his position, was making statements in the press following his appointment, such as

"On a common sense level there has to be a limit to the population"

and

"You have to have a policy that thinks about the population implication as well as the immigration implication".

It seemed as though the Minister accepted a great deal of what we on the Opposition Benches have been saying consistently for a long time about the need to take proper account of the pressures on public services when considering population and migration policy—accepting the need for limits to net migration to help promote strong community cohesion and recognising that the previous uncontrolled approach to migration was in need of urgent change. Those initial comments appear to have been amplified and broadened over the past few days, even if they now seem to have been withdrawn. We look forward to seeing which Minister will respond to the debate and the interesting points that have been made.

The debate has exposed stark divisions on the Government Benches and highlighted yet again that the Government are talking tough, seemingly for the benefit of the tabloids, rather than taking action for the benefit of the country, and it has laid bare yet again confusion in the Home Office. I was sorry for the immigration Minister when I heard that in tonight's *Evening Standard* the Prime Minister has put out a statement of support for him, which I hope will not add to his discomfort.

The debate has opened up some differences of opinion between the Home Secretary's comments today and those of the Minister over the past few days. The Minister said:

"It's been too easy to get into this country in the past and it's going to get harder",

yet the Home Secretary said today, "UK borders are amongst the most secure in the world." The Minister said:

"I think it"

that is, the immigration system—

"has been too lenient and I want to make it harder",

whereas the Home Secretary said, "A robust system is in operation". The Minister said:

"We have to have a population policy and that means at some point we will be able to set a limit on migration."

He also said:

"On a common sense level there has to be a limit to the population",

yet we heard again from the Home Secretary, "There is no need for a crude cap." Finally, we hear that the Minister said that

"people didn't believe the authorities knew what they were doing and there's a very good reason for that—they didn't",

whereas we hear the Home Secretary saying, "We have an effective immigration system." We wait to hear how the Minister reconciles the differences of opinion that appear to have opened up on the Government Front Bench this afternoon and how a consistent response will be achieved. We look forward to that with interest.

The debate has been wide ranging and we have heard some interesting contributions. The hon. Member for Eastleigh (Chris Huhne), who is not in his place, seemed to open up a new division between Scotland and the rest of the country. We may not have followed his line of argument, but I agree that we should not blame immigrants in a downturn. We need to treat that issue carefully. The right hon. Member for Birkenhead (Mr. Field) and my hon. Friend the Member for Mid-Sussex (Mr. Soames)

[James Brokenshire]

made some important points about the all-party balanced migration group. It would be interesting to know whether, as was implied in their contributions, the Government share their views.

The hon. Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) rightly characterised the sensitivities aroused by the debate. It was interesting to hear that he welcomed the frank comments from the Minister, even if they have been withdrawn. My right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) was right to point out that the debate has changed. She was also right to say that the Government have mishandled the immigration system. The hon. Member for Ealing, North (Stephen Pound) correctly emphasised the beneficial impact that immigrants can have. The question is the extent, nature and circumstances of that, which is the key part of the debate.

My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) highlighted the bigotry and hostility that may characterise the debate and was right to draw attention to the report from the House of Lords Select Committee on Economic Affairs and its recommendations. We wait to see whether the Minister responds more formally and properly to a number of the points raised in the report, in particular the recommendation that

"The Government should have an explicit and reasoned indicative target range for net immigration, and adjust its immigration policies in line with that broad objective."

The hon. Member for Elmet (Colin Burgon) welcomed such a serious debate, and we are grateful that he welcomed our calling it. My hon. Friend the Member for Cities of London and Westminster (Mr. Field) emphasised the extent to which immigration issues feature in his constituency postbag, as they do for so many of us. Finally, the hon. Member for Reading, West (Martin Salter) drew attention to patterns of immigration in his constituency. On his point about the Gurkhas, we have made it clear that they should be entitled to settlement because of the contribution that they have made to the armed forces and to the interests of this country.

In the past 20 years, our population has grown by about 4 million. Over the next 20 years it is projected to grow by around 9 million—more than twice as fast. Latest figures from the Office for National Statistics suggest that our population of just under 61 million today will grow to nearly 63 million by 2011, 65 million by 2016 and more than 71 million by 2031. Part of the increase is accounted for by a change in Britain's birth rate, which had been declining but is now increasing, and a rise in life expectancy. However, the most important source of population growth, as we discussed today and have seen in recent years, accounting for about 70 per cent., is inward migration from abroad. *[Interruption.]* We welcome the hon. Member for Eastleigh back to his place.

According to the Government, net migration is of the order of 200,000 a year. These increases are on a different scale from what we have seen in the recent past. The House of Lords Committee on Economic Affairs described the scale of net immigration as "unprecedented in our history". Non-EU migration, excluding British citizens returning to live in this country, accounts for nearly 70 per cent. of all immigration. Of course overall non-EU migration includes asylum seekers, students and family members, as well as economic migrants. We can and should limit non-EU economic migration, balancing the needs of the economy with the need to promote community cohesion and moderate the impact on public services.

The figures hide more fundamental shifts in population. If a community experiences a sudden upsurge in its population, as we heard from many hon. Members in all parts of the House, the way in which it delivers and configures its police service, schools, health care and housing policies has to change. Crucially, because of the Government's lax control and lack of information about population, that money does not follow the people. Local authorities, police forces and the health service find that their already tight budgets are stretched to breaking point by a sudden and seemingly unplanned and woefully unanticipated increase in population. The Local Government Association estimates that as many as 25 local authorities face funding shortfalls because Whitehall has underestimated the size of their populations.

Although the immigration Minister has floated some personal thinking on the issue, the Prime Minister and the Government cannot tell us whether they think that the population of this country is too low, too high or just about right. Perhaps the Minister will give us his thoughts on whether our population is growing too fast, too slowly or at about the right pace. Perhaps he will confirm whether he does think that there is a maximum limit beyond which the population of this country should not go. I remind him of his quote from last weekend:

"This Government isn't going to allow the population to go up to 70 million. There has to be a balance between the number of people coming in and the number of people leaving."

Does he stand by that quote, and is it supported by the Prime Minister and the Home Secretary?

The Minister's weekend comments on migration and population were framed—ill-advisedly, I think—in the context of employment and the downturn in the economy. I say ill-advisedly because a population strategy needs to be able to address all conditions in the economy. The issue does not suddenly become relevant because of changed market conditions; indeed, the Government's previous failure to act is one of the things of which we have been most critical.

The approach should be consistent, dealing with the good times as well as the bad, and with the boom as well as the bust. Our domestic unemployment rate is shockingly high. Nearly 5 million adults of working age are on out-of-work benefits—and 4 million of them, according to the Government's own figures, want to and could work if they had the skills, incentives and support. Perhaps most shockingly of all, 1.3 million young people between the ages of 16 and 24 are not in education, work or training—nearly 20 per cent. more than when the Government came to power in 1997. Despite the Prime Minister's rhetoric of "British jobs for British workers", the reality is that 80 per cent. of new jobs created since 1997 have gone to migrant workers.

Britain has gained from the arrival of highly skilled workers in this country to meet skill shortages. However, although we need to accept and be honest about the fact that some immigration is good, it is not necessarily good in every circumstance. In particular, the advantages

should not be overstated; that is why, as the House of Lords Committee on Economic Affairs stated in its report, GDP per person is the most appropriate measure to assess the benefits of migration. On that measure, the benefits are not so clear cut.

If the Minister is serious about putting proper limits on economic migration, I welcome that seismic shift in Government thinking. If he is prepared to accept past mistakes and policy failures, that will be a welcome step forward. If he is willing to acknowledge that this country is lagging behind other European countries in managing migration, that will be a breath of fresh air. However, after more than a decade of uncontrolled immigration, strained public services stretched by population shifts and a catastrophic failure in forecasts, I, for one, am not holding my breath.

6.43 pm

The Minister of State, Home Department (Mr. Phil Woolas): I thank right hon. and hon. Members for kindly welcoming me to my new job; I am especially grateful to those on the Conservative Benches for their kind words. I pay full tribute to my right hon. Friend the Member for Birmingham, Hodge Hill (Mr. Byrne), my predecessor in this portfolio, who has, with my right hon. Friend the Home Secretary, put into place the architecture of an immigration policy that will introduce the biggest changes and shake-up to United Kingdom immigration since the arrival of the Windrush in the 1950s.

As the Home Secretary has already said, Britain's migration policy needs to strike the correct balance, weighing the economic benefits with the impacts on communities and public services. This afternoon we have had a good and serious debate. The most important point to come out of it has also been a passionately held view of mine for years: that the worst thing to do is not to talk about the issue.

The second point to come out of the debate is that the House must show that it does not cast doubt on the motives of right hon. and hon. Members in making their policy changes. That is important, and I welcome the point made strongly by the right hon. Member for Hitchin and Harpenden (Mr. Lilley). People understand that migration can bring benefits to our country, but they also rightly demand robust systems so that we can control who comes here and so that migrants abide by our laws and contribute to our society. My experience in my constituency is that the migrants themselves believe that most strongly; in that respect, there is a misunderstanding in this debate.

It is critical not only that we talk about immigration, and without questioning each other's motives, but that this House is seen to be debating the issue. That is why I am pleased by the turnout this afternoon. I suspect that the debate will not receive as many column inches as short interviews over the weekend, but that is just the nature of the beast.

Alistair Burt: I welcome the Minister to his position; we have sparred a number of times in other contexts, and it is good to see him in his new role. May I take him back to what he has just said about the change in tone and atmosphere? That point is highly significant. Part of the Government's problem in dealing with immigration has been that when in opposition, they imputed to the Conservative party completely wrong motives in respect of how we tried to deal with the problems. What has changed substantially is that the penny has dropped and that the Minister and his colleagues realise that they got it wrong. If they admitted that, it would help to clear the atmosphere and help us to go forward.

Mr. Woolas: I know the hon. Gentleman well; his constituency covers Yarl's Wood and he has a deep knowledge of immigration issues because of that, and previous experience. It will not help if I go into people's motives from this Dispatch Box; I simply say that it is important that we do not question each other's motives. Let me answer those critics who have questioned mine. Anyone who knows my constituency, as the hon. Gentleman does, will know that its ethnic minority population is greater than my majority; the motive assigned to me by some outside the House would hardly be a good electoral strategy.

In answering the important points that the House has made this afternoon, let me describe how we intend to put into place the substantial change in policy described by the Home Secretary earlier. First, we are strengthening the border. Fingerprint visas are an important part of that; anyone applying for a visa—currently, three quarters of the world's population—now has their fingerprints checked against UK databases. So far, we have enrolled more than 2.8 million sets of fingerprints. I hope that hon. Members will welcome in a non-partisan way the fact that, as at August 2008, we had detected more than 3,600 cases of identity swaps. A number of Members have said this afternoon that the credibility of immigration policy depends on the belief and reality that the Government and the authorities have the figures. What has been announced is important, and is a move towards that.

Secondly, there is e-Borders. The pilot scheme for our electronic border system has already checked more than 50 million passenger movements since January 2005, and that has contributed to more than 2,100 arrests for crimes including murder, rape and assault. E-Borders will cover 95 per cent. of European economic area nationals, excluding UK nationals who are coming back, by the end of 2010.

Thirdly, we have ID cards. We will be introducing these for foreign nationals next month, to lock people to one identity so that those who are here legally can prove it, and to help to deal with those who are here illegally. By 2014-15, 90 per cent. of foreign nationals, excluding EU nationals, will have an identity card. I believe that there is a consensus for those measures, to help to build the credibility of the policy so that the public are reassured that people are here legitimately and for a purpose. Fourthly, we will have a new single border force with new powers for front-line staff. There is not time to go into the detail on the points made by the hon. Member for Ashford (Damian Green) about the police force and its structure, but the end goal is shared.

We come to the question of the points-based system and how we answer the question that has dominated the debate. The Government will roll out in the next few weeks and months the points-based system that is at the core of the change that I have described. That system is about getting only the right people in, and no more, but it is flexible and responsive to the needs of the United

[Mr. Woolas]

Kingdom. Those needs, to answer the point directly, are defined as economic needs, and we will take into account the social needs of our country. We already have the migration advisory committee, chaired very capably by the excellent Professor Metcalf, and we have the Migration Impacts Forum, which provides us with advice to balance those two factors.

The points-based system that we are introducing is a more powerful cap in policy and statistically than the crude cap proposed, as I understand it, by the hon. and learned Member for Beaconsfield (Mr. Grieve) and his team. I shall explain briefly why. The Conservative policy with a cap, or a limit—if we want to use that word—would cover only one in five migrants under the current system. It is not a population cap. The confusion between a population cap and migration limits has bedevilled this debate. It is the misunderstanding of that by some here, by others outside and, if I may say so, particularly by some upstairs, which is bedevilling the debate. The cap proposed by the Opposition excludes refugees and asylum seekers, European Union nationals and the 350,000 plus students who come to this country each year.

Damian Green: Will the Minister make it clear that he is saying that the Government intend to lower the number of overseas students coming to this country? Is that his policy?

Mr. Woolas: That is not what I am saying at all, and it is not the implication of what I am saying. There is a clear difference between the statement that it is right to look at the population trends of our country—the hon. Gentleman quoted my interview accurately, as did the journalist in question—and the population predictions. This is where the Tory party has the rug pulled from under it. Its population predictions do not take into account the implementation of the points-based system that this Government and this Home Secretary have put in place. Therefore, the Tories political strategy of saying to the country that the Government do not control immigration and, by implication, do not control population, is blown out of the water.

Mr. Frank Field: Might the Minister find time before he finishes to comment on what I thought was the most significant sentence uttered by the Home Secretary this afternoon? She said that the Government now believe that a five-year period of work should not automatically lead to citizenship just because one has been here for five years. That breaks the link between coming here to work and growing the population by immigration.

Mr. Woolas: I would say that every utterance of my right hon. Friend the Home Secretary is significant, whatever her junior Ministers have been doing. The answer to my right hon. Friend's question is yes. The answer to the question of my right hon. Friend, who is co-chair of the group on balanced migration, and the answer to the question that has been asked outside this place, is that the Government's policy is that there should not be an automatic link between coming to this country to work and settlement at the end of that period. That is an important point.

Rob Marris: On a connected point, I hope that the Minister can tackle this loophole. I get complaints from some of my constituents, as I am sure he does, about a classic situation, involving a minority. A UK-born woman marries a man from Pakistan. He comes here for two years and a day, gets indefinite leave to remain, divorces her, goes back to Pakistan and brings in another wife. We do not say to him, "You've divorced your UK-born wife. Even though you've been here more than two years, get out of here and stay out." We ought to.

Mr. Woolas: The example that my hon. Friend gave is something with which I am very familiar in my constituency as, I am sure, are my right hon. and hon. Friends and others on the Opposition Benches. The Government's policy is that a spouse has the right to live with a UK-national spouse. My hon. Friend and I have debated that point before, and we will no doubt debate it in future.

Let me compare the cap proposed by the Opposition and the implication of the points-based system that we are introducing. The fact is that the cap proposed by the Conservatives would capture only one in five migrants. The points-based system, without a specific numerical objective, which I believe is impractical and misleading, gives us the necessary controls to cover close to three in five of those in the inflow of non-British migrants. That is how we square the circle put to us this weekend and today.

Damian Green *rose—*

Mr. Woolas: In anticipation of further elucidation of how the Opposition will square their policy by saying to the country that there will be a population cap, while they have a detailed policy that covers only one in five migrants, I give way to the hon. Gentleman.

Damian Green: The Minister has just said two contradictory things again, as he keeps doing. He told the right hon. Member for Birkenhead (Mr. Field) that there will be no right to stay here, even if a person has been working here for five years.

Mr. Frank Field: No automatic right.

Damian Green: There will be no automatic right. The Minister told the hon. Member for Wolverhampton, South-West (Rob Marris) that he wants to preserve the rights of foreign spouses of British nationals, even if they have been here for five years. So when he says there is no automatic right, he means that there is no automatic right unless someone is married. That is the first exception, and there will be others as well. He should stop deceiving his right hon. Friend.

Mr. Woolas: The hon. Gentleman is deliberately sowing confusion between the work-based element and the spouse-based element. I do not think that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) is suggesting that a UK national should not, under the conditions we are putting in place, be allowed to bring his spouse into the country. *[Interruption.]* I do not think that he is saying that.

Along with the proposals for earned citizenship, it is crucial that this country helps immigrants to help themselves to integrate into our society. That is what I, my right

hon. Friend the Home Secretary and the Government believe has not always been the case in the past. It is crucial that we bring that help to bear.

The change in the policy has been introduced primarily through the points-based system. There will be tougher border controls. We will have credibility in being able to count people out and count people in, which everyone believes is necessary, and we will have additional policies on earned citizenship. We see the real reason why the Conservative party has been excited this weekend. It has had the rug pulled from under it because we have exposed the fact that its policy is not what it claims to be. Indeed, on closer scrutiny, it is a weaker policy on controlled migration than the Government's.

This Government have put in place the most significant changes in immigration policy since the 1950s. We are doing so with a consensus in the country. What the Conservatives cannot stand is the idea that we, in an egalitarian way, have stolen their clothes.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 164, Noes 355.

Division No. 277] **[7 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David

Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan

Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and Helen Jones

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 281, Noes 199.

Division No. 278] **[7.14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Follett, Barbara
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John

Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Dave Watts and
Helen Jones

NOES

Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brake, Tom
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Durkan, Mark
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Leech, Mr. John
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Bob Russell and
Dan Rogerson

Question accordingly agreed to.

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes the actions of the Government in undertaking the biggest shake-up of the immigration system in decades; supports the introduction of the points based system for migration, which will ensure that only those with skills the UK needs can come to work or study; endorses the proposals set out in the Earned Citizenship Green Paper for newcomers to speak English, obey the law and pay their way; looks forward to the issuing of the first identity cards for foreign nationals next month, which will enable those who are here legally to prove it, helping to reduce identity abuse and prevent those here illegally from benefiting from the privileges of life in the UK; is committed to taking tough action against employers who exploit illegal workers knowingly; supports the removal of record numbers of foreign

national prisoners; notes the Government's doubling of the UK Border Agency's enforcement budget within three years from 2006; pays tribute to the work of the single UK Border Agency; and welcomes the introduction of the electronic border system that will check every visitor against immigration and security watchlists and count them in and out of the UK.

Economic Performance and Business

Mr. Deputy Speaker (Sir Michael Lord): We now move on to the debate on economic performance and business. Mr. Speaker has selected the amendment in the name of the Prime Minister.

7.26 pm

Alan Duncan (Rutland and Melton) (Con): I beg to move,

That this House notes that, despite inheriting a strong economy and presiding over 10 years of growth, the Government has raided pension funds, increased taxation, reduced savings, encouraged debt, increased government borrowing and that 1.7 million people are now unemployed; further notes that inflation is at a 16-year high, unemployment is rising at the fastest rate for 17 years and property sales are at a 30-year low; regrets the pain that is now being caused to business by the severe financial turmoil and the Government's failure to prepare the British economy for any downturn; further notes with concern the Ernst & Young Item Club's report that the UK economy has deteriorated dramatically in the past three months and is already in recession; further notes that the number of British businesses in distress has more than doubled since the start of the year; expresses concern that the limited availability of credit and the predatory behaviour by both banks and HM Revenue and Customs risks exacerbating the detrimental effects on business; calls on the Government to introduce an urgent package of measures to alleviate business pain, including allowing small and medium sized enterprises to defer their VAT bills for up to six months and cutting small business National Insurance contributions by 1p for at least six months; and endorses these measures as a first step towards alleviating business pain.

I move the motion tonight at a time of probably the greatest threat to business survival that this country has seen for 70 or 80 years. The prognosis is dire, the pressure is great, and many businesses already are feeling that the pressures on them will drive them to extinction—*[Interruption.]* The hon. Member for Wolverhampton, South-West (Rob Marris) may well laugh, but his laughter here will not be appreciated by his constituents who are facing this business pressure. Nor is the House pleased that there is no Minister of Cabinet rank to reply to the Opposition motion tonight.

There have been Cabinet Ministers in the other place in the past, but when we were in government, they were always matched by a Member of this House of Cabinet rank. When Lord Carrington was Foreign Secretary, the then Ian Gilmour was in the Cabinet here; when Lord Young was in charge of the Department of Trade and Industry, there were two subsequent Ministers of Cabinet rank in this House. Now we have an unprecedented situation in which the noble Lord Mandelson is in the Cabinet speaking for business, but no one of Cabinet rank from the House of Commons sits around the Cabinet table to speak for it. I hope that that deficiency in accountability will be remedied.

We have seen boom and bust before, and I am perfectly prepared to admit that we have seen deep and difficult cycles of economic activity even under a Conservative Government. We saw it first in the '70s with a secondary bank collapse and absurdly judged loans to Latin America. We also saw as part of a cycle of sheer idiocy the then adviser to Prime Minister Harold Wilson, Harold Lever, say that countries do not go bankrupt, but the banks that lend money to them can. It seems that we have seen a complete loss of collective wisdom among the banking sector today.

[Alan Duncan]

Boom and bust has been a regular phenomenon in history; I fell on something that proves that beyond all doubt. It was these words:

"The budget should be balanced, the treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance."

That was Cicero in 55 BC. He foresaw most things, although, it would seem, not quite the necessity of having a budget for international development. I may not quite be Cicero—my humility extends that far, although I am told that Demosthenes was a little chap—yet in analysing the history of booms and busts, I have tried to be honest in what I write.

I can refer the House to a document that I wrote in 1993, which, I am reliably assured by someone who subsequently worked in No. 10, was pinched almost wholesale by the then Chancellor and turned into public policy—at least the good bits were, such as its recommendation for independence for the Bank of England, but not, I am afraid, the other good bits calling for caution and good sense in the management of the economic cycle. It is all there, and perhaps the now Prime Minister should read it once again and realise his own folly.

The Prime Minister inherited the best economy that any democratic party has bequeathed to another. New Labour promised to be prudent, and to be fair, that lasted for a couple of years. But it quickly softened and buttered people up with changes of language and habit, which quickly started the slippery slope on which the country is now journeying. New Labour refused to use the word "spending". What might seem just a little twist in jargon showed an underlying pollution of its attitude to prudence. "Spending" became "investment", but spending, except in certain classical terms, is not investment. As soon as the Government polluted the language, they polluted their intellectual integrity—now even the BBC is happy to use such language.

The Government's first action was to attack pensions. We have spent more than 10 years campaigning against the raid on our pension funds. The short-sightedness of that attack on pensions is now having dire consequences for many people embarking on their retirement. The Prime Minister sold our gold at the worst possible price—the cost can now be measured in many billions. Crucially—again, this is in my document from 15 years ago—he completely mucked up the regulatory framework. He dismissed in excoriating terms the Conservative party's suggestion that the Bank of England should continue to enjoy supervision over the creditworthiness of banks, saying that it was nothing more than the old boy network that was typical of that party. How wrong he was.

Stephen Hesford (Wirral, West) (Lab): On the pensions point, the hon. Gentleman is completely wrong. The House has debated the issue a number of times, and each time has come to a decision that is contrary to the one that he puts forward. He well knows that the responsibility for the pension—*[Interruption.]*

Mr. Deputy Speaker: Order. The House must give the hon. Gentleman the time to make his point, but he must make it briefly.

Stephen Hesford: The hon. Member for Rutland and Melton (Alan Duncan) knows that the decision on the pension funds was nothing to do with the Prime Minister—he was continuing a policy undertaken by the previous Tory Government. The problem with the pension funds was the dotcom boom and the fall in share prices.

Alan Duncan: I have not heard such economic lunacy in the House for a long time. The Chancellor's decision in his first Budget to raid advance corporation tax credits for £5 billion a year destroyed our pension funds. The House has been taking decisions that are contrary to my opinion for well over 10 years, and that goes a long way towards explaining the mess that we are now in.

The key thesis, which the Opposition have been advancing for a long time, is that anyone who thinks that they can defy economic gravity over an extended period, to the point that they believe that the economic business cycle has been abolished, is foolhardy. The most attested and continuing economic phenomenon is the business cycle. The only issue in doubt is how long the cycle is likely to last. What should underpin any analysis of the importance of the business cycle is that the fiscal policy of a Government, if they are wise, should be counter-cyclical. A sensible Chancellor should save in the good times so that something is in the kitty for the bad times. The former Chancellor, now Prime Minister, claimed to be doing just that but did exactly the opposite.

At the end of well over a decade of unprecedented, continuous economic growth, where should Britain be? We should have lower taxation, lower spending, high savings, Government borrowing should hardly exist—we should be in surplus—we should have a massive pensions pot, as we had but no longer have, and we should have low unemployment, and yet we start with unemployment of 1.7 million. However, at the end of a long, prosperous and significant period of economic prosperity, we are at the wrong end of the scale. Taxes have shot up, spending has continued to climb dramatically, borrowing is very high, debt is beyond any magnitude that anyone could have predicted, and the percentage taken by the state is up to, and will exceed, 39 per cent. The Chancellor has consumed the boom.

David Taylor (North-West Leicestershire) (Lab/Co-op): The motion refers to increased taxation, and the hon. Gentleman says that taxation has shot up. Is he surprised to hear that during the 11 and a half years of Mrs. Thatcher's stewardship, from May 1979 to November 1990, the proportion of taxation to GDP was more than five full points ahead of the proportion during the period for which the current Prime Minister was Chancellor. The hon. Gentleman admires that soi-disant priestess of low taxation, but it was the Labour party that reduced taxation in the first 10 years after its return to power.

Alan Duncan: In 1979, thanks to a Labour Government, we inherited an economy that was on its knees. The necessary corrections had to take place over a long period, to clear up the mess that we inherited. In contrast, the economy that we handed over to new Labour, as it was then happy to be called, was in the best imaginable condition, and generations of people in the future will lament the fact that new Labour had the best and turned it into the worst.

Mary Creagh (Wakefield) (Lab): When the hon. Gentleman talks about handing over the economy in mint condition in 1997, does he include public sector debt, which was then running at 43 per cent. and by his own statistics is now running at 39 per cent. of GDP? When he talks about the semantics of investment versus spending, how does he classify a £250 million new hospital for my constituency? Is that investment or spending?

Alan Duncan: The hon. Lady will want to eat her words in due course, even on her own basis of accounting. Thankfully, we can advise her of the truth, and we should thank my hon. Friend the Member for Braintree (Mr. Newmark) for his excellent work, which has revealed in detail the Prime Minister's false accounting, whereby much that has been spent has been hidden. When I was in the oil business, something that was not paid for was not properly bought. Looking at the other side of the coin, a deal is only done when the money is in the bank. As Chancellor, the Prime Minister put so much off balance sheet, on a 25-year mortgage, that the payment for those hospitals and schools will not be completed for more than two decades. If the hon. Lady is proud of that debt—she is—we look forward to writing to her local paper to point out exactly where her pride lies. I am sure that it will come before her fall.

On the point made by the hon. Member for North-West Leicestershire (David Taylor), the Government have claimed that the national debt is £645 billion. However, as my hon. Friend the Member for Braintree has pointed out in an undeniable piece of simple but honest arithmetic, the fact is that it is £1,854 billion—equivalent to 126.9 per cent. of GDP or just under £76,000 per household.

Rob Marris (Wolverhampton, South-West) (Lab): Nonsense!

Alan Duncan: I look forward to writing to the hon. Gentleman's local paper too.

Rob Marris *rose—*

Alan Duncan: I will give way in just a second.

The present financing of this country's debt exceeds the annual expenditure on either law and order or defence. The Prime Minister's claim that debt is considerably lower than it was a decade ago is so self-evidently false that I am astonished that he is shameless enough not to be prepared to come to the House to apologise. The man who has mortgaged the country needs to be better at the arithmetic.

Rob Marris: In relation to the hon. Gentleman's earlier comments to me, I shall try to refrain from laughing at his malapropisms in future, as opposed to the content of his speeches.

What I actually meant when I spoke from a sedentary position just now was that the hon. Gentleman's figure was a nonsense figure. It was a nonsense figure because it compared apples with oranges. If we measure the figures in the same way—even taking into account all the private finance initiative projects, as I think we should—the accumulated national debt in the United Kingdom, which, incidentally, doubled under the last Conservative Government, is considerably lower as a proportion of GDP product than the national debt in, for example Italy, France and Germany, let alone Japan. That is because the present Government paid some of the national debt while they were fixing some of the very leaky roof that we inherited after 18 years of Tory misrule.

As for some of the comments that the hon. Gentleman made about my hon. Friend—

Mr. Deputy Speaker: Order. Interventions are becoming speeches.

Alan Duncan: If the present Government were required to follow the same standards that a business follows in explaining its balance sheet and honestly reflecting its debt, they would become an unbankable proposition. The debt is far bigger than the Government are willing to admit. I consider that my hon. Friend the Member for Braintree has done the country a service in presenting the figures honestly; but let us look at the other side of the equation.

I painted a picture of Government profligacy, but the problems really arise when Government arrogance is combined with hubris on the part of bankers. We have seen that once again, with an enormity that no one could ever have contemplated. Debt, and the extension of debt, became nothing less than an exercise in pyramid selling, and as a result the banks have had to be bailed out. The question remains: what next? Will we now see calm and certainty in our financial markets, and therefore in our business community?

My fear is that it is not over yet. It may be that the best we shall see is great volatility, but even that can be very destructive. Many instruments in hedge funds have not been put into the market to cause further upset, but they will. When that happens, if it happens, it will not just affect banks once again; it will affect what is left of pension funds, and hence it will affect equities as we have not yet seen them affected. There is a real danger of further institutional turmoil, despite the relative calm that we have seen in the banking sector over the last few days.

On the back of that, we can already see many of the malign consequences hitting the business community. Everyone will now wish for lower interest rates, in the hope that they will somehow stimulate further economic activity. The base rate has gone down a little and will probably go down further, but the real cost of borrowing has not gone down in the same way. Indeed, it has gone up. We are seeing a severe divergence between base rates and borrowing rates, and in the real world it is the borrowing rate that will hurt businesses.

Moreover—again, we have not yet seen this hit the British economy—that potentially conflicts with the need to finance Government borrowing. We need a low rate of interest for economic recovery, but perhaps a higher rate to fund Government borrowing. If it is just the former, the danger is that we will see—alongside everything else that we have seen—a dramatic collapse in the value of the pound.

Whatever variable we look at now, the prognosis is dark. That prognosis has been put to the country by the likes of Ernst and Young and Deutsche Bank. The former has said that it expects unemployment to double, the latter that this will be not a shallow but a very deep

[Alan Duncan]

recession. Already in the economy, we see the figures becoming more and more distressing. We have seen unemployment rise by 146,000 in the last quarter, and we have seen a member of the Bank of England monetary policy committee say that it is likely to exceed 2 million by Christmas. We have seen others say that jobs will be lost at a much faster rate than the rate at which the Government can create them, and that unemployment may even exceed 3 million.

We have seen the number of property sales collapse by more than 50 per cent. Capital Economics has said that house prices are likely to plummet by more than 35 per cent. Already there are more than 300,000 householders in negative equity, and the value of mortgages lent to British home-buyers fell by 95 per cent. in August. According to the CBI, manufacturing confidence has collapsed: the single-quarter fall is bigger than it has been for 28 years. So the picture is already dire.

Stewart Hosie (Dundee, East) (SNP): May I make a narrow point about the 95 per cent. collapse in mortgage approvals? How much of that does the hon. Gentleman ascribe to the Government's botched announcement about stamp duty, which coincided with that month's fall?

Alan Duncan: No doubt the hon. Gentleman has a point. The botch was a serious botch. However, given all that we have seen since, I do not think that it can be blamed for what has happened nearly as much as the former Chancellor's 10 years of economic mismanagement.

I fear that the picture that I have painted will now be converted to the most detrimental squeeze on small and medium-sized enterprises. I do not think we have seen anything yet. We already see the prospects of repossessions and insolvency, and the danger of insolvency—or the midway point, putting a company into administration—is that this will not be like previous recessions, in which many companies were able to emerge from administration or at least remain as entities. It was at least possible for someone to take them over and restructure them, breathe life back into them, and return them to the commercial world as going concerns. The danger on this occasion is that such companies will be killed stone dead, and because there is insufficient finance around, there will be no prospect of their revival in any shape or form.

Barry Gardiner (Brent, North) (Lab): Given that the hon. Gentleman has been speaking for 21 minutes and that all he has done is try to rubbish the past 10 years, may I ask whether he has a single positive suggestion to offer small businesses in this time of crisis—or is this just an exercise in rhetoric?

Alan Duncan: I am afraid that the hon. Gentleman's pettiness knows no bounds. These are probably the most serious issues that we have had to discuss in the House for decades, and it is important for him to understand the origins of the severity of the problem. If he reads the motion, he will see exactly what we are going to do, and if he listens a little longer, he may learn about what we are going to do. Twenty-one minutes is not long for a Front-Bench speech, and the hon. Gentleman should be patient instead of being so petty.

We are seeing the British economy go from overheating to permafrost in one fell swoop.

Mr. Jamie Reed (Copeland) (Lab): Will the hon. Gentleman give way?

Alan Duncan: No.

The key to that is bank lines. It is severely in doubt whether the Government's promises will be converted to the real lending and cash flow to which the Prime Minister and other Ministers have referred. We need to recognise that the banks are already facing great difficulty. I have some case studies. I will not go through them all; I think that all Members will have encountered similar cases in their constituencies.

Mr. Reed: Will the hon. Gentleman give way?

Alan Duncan: No.

It goes a little bit like this. The bank says, "You used to have £100,000 as a bank line, but now I am going to take it back." Then, because it has some guarantees from the company, it calls in the assets and forces the company to realise them by selling them at something like half their value in a broken market. The bank takes the money. In comes the VAT man and says "Pay my VAT." The combination of those two activities does not just cause the company difficulty; it closes it down. In the absence of alternative sources of funds, there are many companies now facing those pressures. They are being closed down by a combination of HM Revenue and Customs and the banks. On the back of their closing down, those involved often have to cash in personal guarantees and sell their main asset, which is their house. The picture is very grim.

I commend the *Daily Mail* and *The Sun* for their campaigns on the things that ought to be done to try to assist cash flow, because even the majority of companies in this country will be in a battle for survival.

There are some things that we can do and must do. Yesterday, at our business survival summit, we proposed a series of measures. Like the Government, we accept that paying promptly is crucial. If councils and Government agencies pay after ten days, that can only help struggling businesses to get through this difficulty. We will be watching very carefully to ensure that Government organisations pay as the Government have promised that they will.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): As well as the public sector setting an example, does he think that larger companies that are still cash-rich need to take on board that their supply chain will not be there unless they, too, do all they can to benefit the cash flow of their suppliers and contractors?

Alan Duncan: I totally agree with the hon. Gentleman's message of great sense and I hope that all companies that can pay, will pay and will follow exactly the standard that he has just described in his intervention.

We would like to see a reduction in national insurance contributions for the smallest companies. They are the ones that employ the most people, that often live most from hand to mouth, and that have the fewest assets against which they can raise money from the bank. Although the measure is small, it is exactly of the kind that can help them get through this difficult period.

Likewise, we think that companies ought to be able to defer their VAT payments if that is what it takes to assist their cash flow. We think they should pay for that at the normal default rate; call it 7 per cent. But 7 per cent. is less than half of the 15 per cent. that banks are now charging many companies of this size. I think the Prime Minister will rue the day that he taunted us about interest rates at 15 per cent.; now, most companies getting short or medium-term credit are having to pay 15 per cent. or more.

Mark Durkan (Foyle) (SDLP): Will the hon. Gentleman give way?

Alan Duncan: No.

In addition, we would like to see a reduction in corporation tax for small business, for which we have been calling ever since the last Budget, which, from the Conservative Benches, we described as a tax con. As my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) illustrated today by visiting small shops in London, we want to see small businesses applying for that business rate relief to which many are entitled but for which not all apply.

The Minister of State, Department for Innovation, Universities and Skills, has announced today £350 million for Train to Gain. The House should be aware that this is the reheating of an old announcement and, as a policy, it will not give the immediate relief that our businesses are crying out for.

This country will have to put debt on top of debt. We should be in a position to use a Government surplus to help this country turn the corner in such difficult economic times. The Prime Minister, when he was Chancellor, mortgaged this country to the hilt. We are in desperate times, which prove the abiding truth of post-war Britain: that Labour Governments always run out of money.

7.54 pm

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"notes that in the 1980s Britain experienced two recessions with unemployment reaching three million on both occasions, a thousand businesses a week were lost and that interest rates reached 15 per cent.; further notes that the roots and effects of the current financial crisis are global and unprecedented in recent decades; believes that at such a time it is essential that the Government acts to restore stability and confidence and therefore supports the action the Government has taken to inject liquidity into the banking system, to recapitalise the banks and to make funds available to resume the medium term lending essential to small businesses; further notes that the UK is better placed than in the past to get through the economic downturn with an economy that has produced three million more jobs over the past decade and enjoyed strong growth and low inflation; supports Government measures such as the Prime Minister's announcement to reduce to 10 days the payment period from central government to small businesses and to bring forward funding for small businesses available through the European Investment Bank; and believes that the Government should reject public spending cuts at this time and continue working with the banks to ensure the availability and competitive pricing of lending to the small and medium-sized business sector."

I welcome the opportunity to talk about the importance of small businesses to Britain's economic strength, to pay tribute to the courage and entrepreneurship of the people running those businesses and to set out the steps we are taking to help small businesses as we face difficult economic times.

Anne Main (St. Albans) (Con): Will the Minister give way?

Mr. McFadden: I will in just a moment.

As the Chancellor of the Exchequer said a few months ago, we are facing a combination of global economic circumstances that we have not seen for decades.

Anne Main: On the help that the Minister says he is giving to small businesses, will he give me a frank answer? Some £300 million of grants from the East of England development agency and other development agencies were taken away from small businesses and shifted towards housing. I have yet to have an answer about why that has happened. Is that a way to help small business?

Mr. McFadden: The hon. Lady's party is not even sure if it would keep regional development agencies if it ever got the chance.

International credit conditions led banks to stop lending to one another. This resulted, first, in the difficulties we have seen in the banking and financial system, and now in the problems being faced by small and medium-sized enterprises and by homeowners in the wider economy.

In the circumstances, it was vital and right that the Government put their full force behind, first, restoring stability and then restoring confidence. We acted decisively to do that. First, we injected short term liquidity into the lending system, with the Bank of England making available up to £200 billion to the banks under the special liquidity scheme. Secondly, we recapitalised three of the leading banks, injecting fresh capital worth £37 billion. A condition of the recapitalisation is a commitment from banks that they will maintain the availability and active marketing of competitively priced lending to small and medium-sized enterprises at a level at least equivalent to that of 2007.

The origins of the crisis are global, so at the same time as taking firm action in the UK the Prime Minister and Chancellor have been working with their counterparts around the world, and interventions similar to those that we made have been announced in a number of other countries.

Restoring stability has been our first priority. Stability and strong banks are absolutely essential for the economy to work. Without stability, small businesses cannot access the credit they need, trade in the high street slows down and the investment decisions on which the economy depends become much more difficult to take forward.

Alan Duncan: Do Her Majesty's Government accept any blame whatever for exacerbating the problems that we now face in the financial markets?

Mr. McFadden: Her Majesty's Government have acted decisively to try to deal with problems that have their root in the international credit problems to which I have referred.

Our actions on the financial front have been essential, but as the impact of the financial squeeze spreads it will hit small businesses. We will have to act decisively here, too—and we are—to help them through the difficulties they are experiencing.

Mr. John Redwood (Wokingham) (Con): Will the Minister at least agree that Northern Rock and Bradford & Bingley were British institutions under a British regulator who made British mortgages available to British people, and that theirs was entirely a British crisis?

Mr. McFadden: If we had followed the advice of the Conservative party, we would not have been able to take the action we took over Northern Rock and Bradford & Bingley. Time after time during this crisis, the judgment shown by the Conservative party has been proven to be wrong.

Small businesses are absolutely vital to the economy, to creativity, to innovation and to enterprise. There are 4.7 million small businesses in our economy and the numbers employed in small businesses have gone up by 1.5 million since 1997. In total, they employ around 60 per cent of the private sector work force and contribute as much as large business to UK output. There is no doubt about the importance of the small business sector to the economy. The Government want to support the small business men and women who build a business, take a risk, see a market gap, innovate to fill it and employ so many people, contributing so much to the country in the process.

Mr. Jamie Reed: Does my hon. Friend agree with me and the many business people in my constituency that there is a direct correlation between unprecedented public investment over the past 10 or 11 years and the number of new small businesses within the UK economy, and furthermore that it would be an act of economic vandalism to cut public spending either now or over the next economic cycle as that would devastate—nay, crucify—small businesses throughout this country?

Mr. McFadden: My hon. Friend makes a strong point and, of course, all those small business people will have heard the Opposition Front-Bench spokesman say tonight that his party wants public spending to be lower.

The World Bank says Britain is among the best places in the world to do business—it is second in Europe, and sixth in the world—but despite this good record and strong position, many small businesses are facing difficulties during the current period and will continue to do so in the months to come.

Stewart Hosie: Small businesses are struggling, particularly with access to capital, and we know that the banks are not lending at reasonable rates—instead, they are lending at very high rates. Might the Government wish to re-examine their capital gains tax proposals, as to provide a disincentive when there is not access to traditional lending from banks might be the wrong thing to do?

Mr. McFadden: We did, of course, announce changes to the capital gains tax proposals some months ago.

In our dialogue with small businesses, the issue they have raised with probably the most urgency is access to finance. Small businesses need to be able to borrow to invest and to keep their companies moving, and we will monitor the commitments made—to which I have referred—on the availability of finance to small and medium-sized enterprises. In addition, the Government have brokered contact between the European Investment Bank and UK banks to help release more funds for small businesses, and the four largest banks have signalled their interest in securing a further £1 billion from the EIB for lending to small and medium-sized enterprises.

Sir Robert Smith: How do the Government plan to monitor the availability commitment on lending to small businesses, especially in respect of ensuring due diligence? How will the banks be measured on the delivery of that promise, and what will the fact that the availability has to be on the books, even if it cannot be taken up, do to the banks' finances?

Mr. McFadden: These were the conditions to which the banks taking part in the recapitalisation scheme agreed. The Secretary of State announced this morning to the Business, Enterprise and Regulatory Reform Committee that there will be a meeting involving him, the Chancellor and the banks within the next few days.

I referred to EIB finance, but other actions can also help business gain access to finance. Earlier this year, the Government made available an extra £60 million for the small firms loan guarantee scheme, taking the total to £360 million, so that in the more difficult months to come the scheme has the resources to help many more firms.

In addition to access to finance, there is the issue of cash flow, which is another urgent concern for many small businesses. Late payment of invoices can cause severe—and sometimes lethal—problems for small businesses. That is why the Prime Minister announced that central Government would pay bills within 10 days. That will bring forward some £8 billion-worth of payments on top of the £58 billion already paid in this period. In addition, we have gone further, with regional development agencies, which spend £750 million a year with suppliers, also signing up to this target. The chief executive of the NHS has today written to NHS bodies asking them to follow suit, and my right hon. Friend the Secretary of State for Communities and Local Government will also be writing to the Local Government Association to encourage its members to play their part.

Mr. Mark Prisk (Hertford and Stortford) (Con): The Minister mentioned the Secretary of State for Communities and Local Government. How will the Government monitor late—or, indeed, prompt—payments by that Department when the Secretary of State told me in a written answer that it keeps no figures on the promptness of its payments?

Mr. McFadden: The payment target is for central Government, and my right hon. Friend the Secretary of State for Communities and Local Government has also written to local government encouraging it to play its part.

Regional development agencies have an important role to play in helping small businesses at this time. We remember that in past recessions when the Conservative party was in power there were no regional development agencies, and local communities and areas were often abandoned to their fate. RDAs have demonstrated—for example, with the MG Rover taskforce in 2005 and in response to last year's floods—their capacity to move quickly and directly to respond to urgent problems in their area. Let me offer a couple of examples from the

regional development agency for the west midlands. It has moved to lift the £100,000 cap on selective finance for investment in England. It has made available an extra £1 million in community development finance institutions to help provide finance for firms that cannot get it from mainstream institutions. Therefore, while the Conservative party continues to place a question mark over the very future of RDAs, under this Government RDAs are already playing their part to respond to the difficulties the economy faces.

Alan Duncan: Given that that has never been said and that comments have been made specifically to the contrary, I invite the Minister to withdraw that comment and to apologise.

Mr. McFadden: If the hon. Gentleman is confirming that his party would keep the RDAs, I am sure everyone would be happy to have that clarification.

Mr. Philip Hollobone (Kettering) (Con): There are big issues to do with cash flow for small and medium-sized manufacturing businesses and sky-high utility bills. Commodity bills have fallen around the world in recent weeks, however, and petrol prices are now coming down. However, utility bills remain stubbornly high. Is the Minister doing anything to bash the utility companies over the head, to make sure they play their part in supporting small and medium-sized manufacturing concerns?

Mr. McFadden: My right hon. Friend the Secretary of State for Energy and Climate Change made a statement to the House last week on precisely that topic, and I encourage the hon. Gentleman to read it.

As well as access to finance and helping with cash flow, another important support the Government can give at these times is making sure that correct advice is available to companies through the Business Link service, which already provides advice to more than 850,000 customers. It will offer free heath checks, providing advice and support to businesses if they want that over the coming months.

We are also working closely with business groups and others to improve the guidance for employers that is made available from Government. This matters because if Government can improve the guidance we issue, businesses have to spend less on external advice they may not need, so such services can lead to real savings for small businesses.

When times are tough, we understand that training budgets are sometimes cut. That is why my right hon. Friend the Secretary of State for Innovation, Universities and Skills today announced greater flexibility in the Train to Gain programme, making it available for more short-term training and a greater range of employees than has previously been the case.

I understand that small businesses have concerns about regulation, but, of course, some regulation is part of the decent society that we all seek to promote. We also understand, however, that that can be easier for the larger company with more resources than for the small firm. That is why in recent years we have made a number of changes that have benefited small firms in particular. For example, changes to how the minimum wage and training are dealt with will save businesses an estimated £5 million a year. Changes to the VAT annual accounting scheme are benefiting more than 1 million businesses through doubling the upper threshold for paying VAT in instalments to £1.35 million, and simplified pension scheme returns are estimated to save businesses about another £1 million.

Mr. Brian Binley (Northampton, South) (Con): I am grateful to the Minister for giving way. He is a generous man, and I thank him. *[Interruption.]* Well, he is a nice man, and I ask my colleagues not to be so mean.

The truth of the matter is that we are still threatening small businesses with sizeable additional regulation. Will the Minister agree today to put off the parental leave and flexible working proposals while we help small businesses get through what will be a very difficult two years?

Mr. McFadden: We have made no decisions on specific proposals such as that. It makes sense to consider everything in the pipeline at a time such as this.

My hon. Friend the Member for Copeland (Mr. Reed) mentioned procurement, which is an important issue. Business needs work and orders to survive, and the Government, as a purchaser, have a critical role to play. We have commissioned Anne Glover, the chief executive of Amadeus, to report to the Government ahead of the pre-Budget report on removing barriers to small businesses winning a greater share of the public sector procurement market, which is worth £175 billion a year. On cash flow, on access to finance and on training and advice, the Government are working on practical measures to help businesses through the current downturn.

I should like to turn to one or two of the points that the hon. Member for Rutland and Melton (Alan Duncan) made in describing the Opposition's menu.

Rob Marris: I congratulate my parliamentary neighbour on a fine speech and on his well-deserved promotion, but I urge him and the Government not to be blown off course. He is rightly talking about the big picture—the world turmoil in financial markets and the leadership that our Prime Minister has shown not only in the United Kingdom but around the world. What do we get from the Opposition, who want to make out that the turmoil is even worse than it is? We get a shopping list consisting of five things: paying promptly, cutting national insurance contributions by 1p for six months, deferring VAT, cutting corporation tax for small businesses and getting businesses to apply for business rates. Is that going to solve a world crisis? No.

Mr. McFadden: The people of Wolverhampton, South-West are very well represented in the House. The measures that the Opposition have suggested do need to be examined, however. The hon. Member for Rutland and Melton spoke of cutting national insurance for small businesses, but he did not say that his party proposes to fund that by abolishing reliefs on investment in plant and machinery, which will be very important to get us through the downturn and back on the road to prosperity. In fact, he was silent on the fact that his party proposes to fund its plans by taxing the investment needed by small businesses.

The hon. Gentleman spoke also of automatic qualification for small business rate relief, but he neglected to mention that the Conservative party voted against the Second Reading of the Bill that introduced that

[Mr. McFadden]

relief in the first place. I have examined the Division record and found that both the Leader of the Opposition and, perhaps to my greater surprise, the Conservative spokesman on small businesses voted against the Bill. Small businesses are entitled to react with scepticism when the Opposition suggest that they want qualification to be automatic.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): In his research, has my hon. Friend noticed that the hon. Member for Cotswold (Mr. Clifton-Brown), who is on the Opposition Front Bench today, summed up for the Opposition in that Second Reading debate and announced that they would oppose "root and branch" the Bill that introduced small business rate relief?

Mr. McFadden: My right hon. Friend was, of course, the Minister who took the Bill through the House, so he speaks with great authority. What the country is looking for is not such flip-flopping but the decisive leadership that this Government have shown.

Perhaps we should not be surprised by the truth of the Opposition's stance. We remember well the recessions when they were in power—two recessions, with 3 million unemployed not once but twice, base rates of 15 per cent., 1,000 businesses a week going to the wall and untold damage to local communities. Faced with the threat of severe financial instability, this Government have acted to restore stability to the banking system. In so doing, we have protected the essential foundation upon which small and medium-sized businesses operate. Now, through the action that we are taking on early payment, on improving cash flow, on training and advice, and locally through the RDAs, we are determined to work with small businesses, which are the backbone of our economy, to help them through these difficult times.

This is one of the most enterprising countries in the world. We believe in creativity and innovation, and we see risk not as something to be avoided but as a fact of life and an opportunity for business to show entrepreneurship. We have many business people who have built world-class, innovative businesses over the past decade. Business will face difficult times in the coming months—there is no denying that—but this Government will work with British businesses to ensure that we get through this period and that they can come out the other side doing what they do best—helping our economy grow, employing our workers and making our country stronger and more prosperous for the future.

8.16 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I, too, welcome this opportunity to discuss small businesses and the aid that can be given to them. I might risk the possibility of the hon. Member for Rutland and Melton (Alan Duncan) writing a letter to the *Caithness Courier* or the *John O'Groat Journal*, both of which I know he has read from time to time. On a lighter note, I cannot help but note that the Secretary of State, as the newest day boy in the other place, is shadowed on these Benches by Britain's only downwardly mobile politician. *[Interruption.]* Those who know understand. The hon. Gentleman introduced his remarks with a wide sweep across the state of the economy. Indeed, he went back more than two millenniums, starting with Cicero. I shall not follow him down that line, because I would prefer to concentrate more on what help can be offered to small businesses. However, I wish to make two points first.

First, the Government did not actually create this mess, but they certainly made it worse through the hollow boasting that they had abolished boom and bust. That was matched by the hubris of the City, where a heady mixture of testosterone and greed has brought about a situation in which toxic debt seems to be on the back of all companies. The Financial Services Authority completely underestimated the scale of the problem, as the evidence that the Treasury Committee has heard makes abundantly clear. It is clear also that the FSA was deeply under-resourced, as its current chairman has recognised. Light-touch regulation has proved quite insufficient, and I cannot help but notice the irony in the fact that the Conservatives were calling for a lighter touch until a very short time ago.

Secondly, I wish to pick up on the comments of the hon. Member for Rutland and Melton on debt. It is important that we get the facts right. Although the current account has a substantial deficit, which is a matter of considerable concern, the level of debt compared with GDP as measured by most normal international measures is actually lower than in many European and G7 countries. It is important to establish that, because if we agree that the economy will need a stimulus—I certainly think that we are in recession, and that it is likely to be deep if we do not act—it is almost certain that we will need to borrow more to put that stimulus in place. Behind that is the assumption that the debt that has been put in place to help save the banks will be repaid, which is still an if. We have to hope that the measures taken will succeed, in which case that money will be repaid. We need to be cautious in our criticism on debt.

As has been said this evening, cash is the oxygen of commerce. I was in charge of businesses during the previous two recessions, so I know pretty well what most owners and managers are thinking and doing at this moment. They are stretching their creditors and shrinking their debtors, wherever possible, and they are cancelling capital expenditure, reducing orders and attempting to cut costs. That, in itself, is a downward spiral, because as the larger businesses succeed in doing those things, so the situation is passed on to the suppliers and all the way through to the small and medium-sized enterprises, which are often at the bottom of the business food chain. Above all, businesses are trying to ensure that their facilities with banks are maintained, rather than called in and reduced, and that the charge for them remains reasonable.

In addition, many small businesses that have not previously needed credit are finding that they need it because of the working capital pressure, but if they ask a bank for a facility today, they receive a polite laugh, at best. At the heart of the motion is assistance to all businesses, particularly small businesses, especially with regard to cash flow. That core sentiment ought to be shared by Members in all parts of the House, and, because I agree with it, I shall advise my Liberal colleagues to support it. Although I agree with the diagnosis, I do not agree entirely with the prescription; I have considerable doubts about it, but I shall return to those later.

The Government amendment is, at heart, about the need to restore stability and confidence in the banking system. It is clearly impossible to gainsay that; no one would argue that returning to a stable banking system is not a precursor to getting the economy to move forward. The balance of both the motion and the amendment seems to be the usual tit-for-tat that goes on between the two Front-Bench teams. I have a suspicion that the many small business men whom I know—they will be watching this debate in my constituency—will be rather put off by that, because they are looking for a little more from this House. They are looking for us all to be somewhat more constructive.

Let me address some substantive points. The first priority for any business at any time is a stable environment in which to do business, and for that reason it is crucial that the banking system is stabilised. That is the overarching prerequisite, without which we cannot proceed. We do not yet know whether what the Government have done has been successful—it would be a brave person who would say that it has—but it appears to be working. On this occasion, the Government acted firmly, and I hope that what they have done is working, because only one weapon is left in the locker: 100 per cent. nationalisation. I am sure that none of us, save perhaps one or two people who still reminisce over the 1983 Labour manifesto, wants to go down that route.

The second priority for business must be to get the economy moving again. Confidence and stability is a precursor to doing that, but some fiscal stimulus will undoubtedly be needed. Measures such as advancing spending and advancing planned investment will be important, but, to echo a point that has been made by my hon. Friend the Member for Twickenham (Dr. Cable) on many occasions, lately from these Benches, it is equally important to help people to help themselves.

Three measures can help to do that. The first is to have lower taxes for the lower paid, so that they can have more money in their pocket, which they can give to other people, who can then spend it. The second is to have lower interest rates. I sincerely hope that the Bank of England will seriously consider a further reduction in those. The third is to tackle the high cost of fuel, which is a burden on both businesses and homes. That issue could be tackled in a number of ways, not least by helping to invest in more insulation for houses. That would have the added benefit that many builders who are in trouble would receive work. I declare an interest: I live in the far north, so I have a cold house and such insulation would be very welcome.

There is no doubt that the economy needs stimulus. The third priority for business, which is what we are discussing today, is the need for short-term measures to be taken to tackle the current crisis. The Government are in discussions with the banks. It is clear that as part of that negotiation the Government must agree with the banks a protocol for the way in which the banks will deal with business. That protocol should address a number of things, the first of which is the fact that most overdraft facilities, although granted for a year, are repayable on demand. I have seen evidence in my constituency of companies whose facilities are being changed at 24 hours' notice. I ask the Government to stipulate in a protocol with the banks that there should be a 28-day minimum period, at least to give companies the ability to renegotiate, change or seek advice and look for alternatives. The Government can and should address that core problem in that negotiation. It would be wholly unacceptable if the taxpayer, having paid for the bail-out of the banks, found only that the banks were protecting their profits by a credit squeeze on the high street.

The Government could also examine term loans. Many small businesses have term loans, which typically run for five or seven years. In the climate that existed a year or two ago, they could secure rates of 1.75 to 2.25 per cent. above the base rate, which is reasonably priced finance. It would be a simple measure to give them a holiday on the capital repayments with an extension of the term without penalty. For six months or a year, they would have only to pay the interest component, and the repayment period would be extended accordingly. It is a simple proposal, but it could put a lot of money into many businesses quite quickly.

We also need to address the rates and fees that the banks are charging. About the best rate available is 1.75 per cent. over base, but many small businesses face rates as high as 3 or 3.5 per cent. over base. We are now seeing considerable increases in those rates, as well as increases in fees. All those points could help small businesses, practically and quickly, with cash flow.

Then there is the issue of payment terms. The Government have committed to paying their bills more quickly, and that is welcome. I would like to see evidence that that is actually happening, because I cannot see a large bureaucracy that has a computerised monthly supplier payment system moving towards the 10-day payment of bills with any great ease. It is a good idea, but I would like to know how it will happen. Small businesses also need to be brought into the procurement chain. One of the problems that small businesses face is winning business in the first place.

As my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) said in his intervention, a major part of the problem is not Government-contracted payment, but private sector payment. I know of one plc that has just raised its payment terms unilaterally, by letter to all their suppliers, to 90 days end of month from 30 days end of month. That is seriously unhelpful. We are not in the business of legislating on the contractual terms between businesses, but the CBI could look at that issue. It might like to consider asking all of its member companies to agree to a code of conduct on payment, as that would be helpful.

We will, I hope, come through the present difficulties, and in the longer term we need to learn the lessons from it. In a way, the City has been a dutiful wife to the Conservative party for many years, but for the past few years it has had a passionate affair with the Government. I suspect that both the affair and the marriage are in deep difficulty.

We live in a period in which old-fashioned financial values have gone overboard. The City has gone from its useful and necessary purpose of providing capital to being the originator of a sort of debt market casino. Sub-prime may have been the spark that lit the fuse of the crisis, but the bomb was all the toxic debt. We need to return to a culture in which the masters of the universe are the servants of commerce. We have an opportunity to achieve that by restructuring and promoting enterprise and support for business.

[John Thurso]

My last point is on the burden of regulation. We need to examine the cumulative effect of regulation. If we look at any individual regulation, it is hard to say that it should be abolished, because regulations are full of good intentions to protect or help people. But the cumulative effect is to take considerable time from concentration on making the business productive. One idea would be to consider how many bodies have the right to inspect businesses, to see whether one or two inspections could do the job of the many to reduce the work load involved.

If today's small business people feel much as I did in 1991, they are worried about being squeezed and about squeezing their cash flow to meet the payroll. They are looking to this House for support and help in the short term, and it is right that we should deliver that for them. In considering short-term help, we must also address the underlying causes and seek a long-term change in culture. We have to get away from the irresponsible bonus culture to one that rewards real enterprise and those who are building businesses. That will not be achieved through gimmicks, but through serious policies that we will undoubtedly address on another occasion.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. There is approximately one hour left for contributions from Back Benchers. Several Members clearly hope to catch my eye. I ask hon. Members, when making their speeches, to bear the time factor in mind so that more Members can be successful in making a contribution to the debate.

8.34 pm

Laura Moffatt (Crawley) (Lab): I shall heed your advice, Madam Deputy Speaker. I oppose the Opposition motion and support the Government amendment.

I think that it was the Prime Minister who said, "If everybody complains that I don't smile much, that is because these are difficult times and smiling is probably not the right thing to do at the moment." I agree with that. The situation for our business community is pressing, and for many Labour Members interacting with, understanding and listening to our business community are part of our core business as MPs, and so is getting those messages back to our Ministers.

Headline-grabbing announcements to try to deal with a difficult time are not the way forward. A hard, long slog is required, and that is what, over many years, the Government have put into supporting business and enterprise in the UK. Of course, the big prize was economic stability. When we are having discussions with the business community, they never argue with the fact that we have done a brilliant job on that front.

My constituency is in the south-east, in the heart of the Gatwick diamond and the heart of the south-east's economy. The area is an enormous driver for business in the UK, and I firmly believe that before 1997, it was ignored and simply left alone to be in the forefront. It was always felt that it did not need help and support. That was utterly wrong. The first thing that we needed to do was to put in regional support, even in those regions that were incredibly successful. I support the Government in the introduction of the regional development agencies, which have been a great driver in moving forward.

At this time of global economic turmoil, nobody is immune, but there is plenty that we can do. Business, Government and Members of Parliament can come together to understand what business needs and to try to address the most pressing issues. Plenty of advice is available from Government agencies and organisations. Many of them were mentioned by my hon. Friend the Minister, so I shall not go into detail. We ought to pay tribute to many of the businesses in our communities that take the supply chain seriously and that value small businesses as a part of that supply chain, helping them to become more efficient and paying them decently.

I welcome the announcement that the public sector will pay decently for procurement, but business can do that, too. Thales in Crawley employs 2,500 people and has made a new investment of £100 million in the area. That company values its supply chain, meets those who form a part of it and talks with them about how best to proceed. Varian, a company that produces fantastic diagnostic and treatment linear accelerators, values its supply chain. It brings the members of that chain together once and year and awards are handed out. All those companies, in these difficult times, have protected themselves against waste and against being unable to face difficult circumstances. There are many such examples. BAA has a regular "Meet the buyer" event where people from large and small businesses can come together and understand what small businesses need.

The issue is not just about how we support business and that is why, listening to the debate so far, I have found it limiting. What matters is how we treat our communities and the places where we live, and how we deal with transport issues. Whenever we address our business communities, the one thing they want to talk about is how to make transport systems better and how they can best get into London more quickly. That is only possible when we invest in rail and when we ensure that such changes happen.

Small government cannot deliver the sort of investment that businesses need to do their job. I do not think that this is the time to start to talk about cutting investment in the public sector or in our communities. The heart of those communities will make our business communities successful, too.

Last Friday, I was at the Crawley and Gatwick chamber of commerce. I pay tribute to its president, Steve Rham, who brought together more than 100 small businesses to celebrate that organisation's 70th birthday. I gave the keynote speech, which gave me the opportunity to speak to the people at each table. I learned that they want the Government to listen and to give them down-to-earth support. They want Ministers to make sure that there is enough runway capacity—and I know that Opposition Members have opposed the development at Heathrow. The people to whom I spoke are deeply worried about that, as they know that doing business overseas means that they must have access abroad. They do not support the Opposition's stance on that matter.

The people I met on Friday want Ministers to listen to their concerns. They were delighted with the campaign led by Jeremy Taylor of the Crawley and District Industrial Association to retain the Gatwick Express. People need to be able to get into London as quickly as possible so

that they can do their business and return to their firms in the south of England. That is how a Government can truly listen to business, and it is about more than simply producing headline-beating figures.

The other big issue that many people choose not to talk about is the provision of affordable housing for the work force. It is no good talking about providing businesses with what they need if the regional assembly opposes the Government's figures for how much housing is needed in the south-east. We have to be able to house workers properly and decently, as they are the people who make businesses in the south-east operate. At present, for all that is said in Government, the people in the regional assemblies do the opposite, with the result that business is more difficult to operate.

We must fight that sort of opposition tooth and nail. We must support business, take action on banking and get transport right. We must make sure that there is enough runway capacity in the south-east, and that people have access to training and education. It is hard to believe that there are thoughts about getting rid of Train to Gain, which has so much support—both among those who undertake the training and among the employers who know the value of that training. Getting rid of Train to Gain would be reckless at a time like this.

The Government are getting on with the real work of supporting business, but we need more than just a quick fix. Ministers need to listen to Back Benchers and their ideas, and to bring forward proposals accordingly. We will get through this awful time if we support our businesses and our communities.

8.42 pm

Mr. Brian Binley (Northampton, South) (Con): First, may I congratulate my party on bringing this vital debate forward? Hundreds of thousands of people involved in small business will pay attention to our words tonight.

They will hear some fine words in the debate but, as my grandmother used to say—and I have mentioned this to the House in a previous debate—fine words butter no parsnips. People outside the House are looking for action, and that is what we need to talk about.

I need hardly tell the House that people in the small business sector are very worried. They recognise that they are vulnerable because they do not have the financial depth of the big corporates, and they are concerned that they will have to handle the present economic difficulties for perhaps two or three years to come.

However, the people who run small businesses are not foolish, and they know that they present difficulties are not their fault. They know that their fight for survival was created, not by themselves, but by a corporate sector that forgot the basic rules that we all live by, and by a Government who encouraged that sector to do so. My grandmother could have told us that 125 per cent. mortgages were crazy, but Northern Rock seemed to want to live off the back of that foolish mechanism. My grandmother could have told us that the build-up of personal debt was crazy, but that was encouraged by our now Prime Minister, who used to be Chancellor.

My grandmother could also have told us that people cannot have what they cannot afford to pay for. She knew some very simple and basic concepts that people in the clever banking sector forgot about. They thought that they could beat the market in real terms by lending money to people who could not afford to pay it back, and that what they called derivatives would let them come out the other end of the deal in a successful way. We now know that that was crazy, but we also know that the present Government have contributed sizeably to the situation in which we find ourselves.

Other Members have gone through many of the issues, and I will not rehearse them. All the small and medium-sized businesses out there will say that this is not about the death of capitalism—we have heard a lot about that—but about poor financial sector dealings and a Government who refused to recognise that one cannot have what one cannot afford.

So how did this happen? I could talk about the deregulation of the Bank of England, the setting up of a regulatory agency that could not do the job, and the raid on private pension funds. I could talk about the growth of the numbers in public sector employment—600,000 since 1997, all having to be paid for by the wealth-producing sector—or about regulation, with an extra burden of £66 billion, all on the back of the wealth-producing sector. We all know that those burdens have been placed on the wealth-producing sector, and know where the truth lies. No wonder that the International Monetary Fund has intimated that among the western nations we are one of the worst prepared to deal with the present crisis. If that does not lie at the door of Government, I do not know what does.

Let me turn to how the banks are dealing with this. If the banks get it right, we are in with a chance, and the Government, because of the taxpayers' money that they have put into the sector, are in a better position to ensure that the banks do get it right. However, I am fearful that that will not happen to anything like the degree that is necessary. Too many small business owners are asking their banks what contingency they might expect should they hit a bad debt and they find it takes longer to have their invoices paid or have a one-off hit on an otherwise profitable business. Sadly, the banks are responding by putting up interest rates on overdrafts, threatening to cut overdraft facilities and asking for personal guarantees, so that a partner in a small business has to go home to his partner and say, "We've got to put our house on the line." She may well reply, "We've worked hard enough for this business—we're not going to those lengths." The Government need also to take those factors into account when they talk to banks.

Banks are no longer structured to help small businesses. In 1989, when I started a business that now employs 140 people, the bank manager was effectively in the cupboard and came out whenever I needed him. One cannot get those sorts of decisions at a local level any more, because they have to be shoved up the line to accountants who think they know better but, in truth, know nothing about the local sets of circumstances or the businesses they should be serving. Consequently, bad decisions are made. We need to ensure that the banks make quick decisions for small businesses. That means that those decisions are made by the branch concerned, not driven up the chain until they reach an accountant who knows very little about the situation.

The Government can be involved in several other areas, many of which have been set out by the *Daily Mail*. I want to relay to the Minister some of the messages that I have received from small and medium-sized

[Mr. Brian Binley]

businesses so that he might take note of them. I am not suggesting that all these measures are practical, but they might be worthy of consideration or amendment or represent ideas that can be put into effect relatively quickly and greatly help the small and medium-sized business sector. Those businesses are fighting for survival and need a response now, not in two weeks' or two months' time. They need to know what their contingency is now so that they can properly plan to get through the vital period that they face over the next six, 12 and 18 months.

I have spoken to people in small businesses, who tell me that they need consistency from the banks. There is inconsistency between banks and between regions, and small businesses are getting different responses from different banks and different regions, depending on who they deal with and where they live. Surely banks ought to be much more consistent. Given that it is viable, people with a small business ought to know what they can expect when they go to talk to their bank.

May I tell the Minister that only three banks can access much of the EU funding for business? We should encourage all banks to register for the scheme. They are not doing so, and the Minister might consider that.

Lorely Burt (Solihull) (LD): Does the hon. Gentleman share my concern about the lack of flow-through of the European Investment Bank funding and the fact that the Government seem to be interfering in the process, which is holding it up? I do not know of a single company that has received any money yet.

Mr. Binley: That is true. Bureaucracy gets in the way of much funding that could otherwise flow more quickly. I ask the Minister to consider that fact, too. Furthermore, banks are not complying with what the Government are saying about negotiation fees, which are increasing, not decreasing.

Will the Government examine the scope for cutting fuel duty? We have spoken about it many times in the House, but there is now an opportunity to do so and I hope the Government might take that on board. Will the Government look at the rates charged on empty properties that builders cannot sell? A number of local authorities are charging rates on new builds that have not been sold and there will be more of those. Will the Government review VAT on repairs on property? ECOFIN proposes that it should come down from 17.5 per cent. to 5 per cent., which would be a great help for the small building sector and enable it to get on with the repair of our housing stock.

The Minister might like to think about spreading business loss over three years for tax purposes, rather than looking at the situation for one year. I have many more ideas, and I shall write to the Minister to add those to the list that I have given. Small and medium-sized businesses are, and will be, fighting for survival over the coming months. Our duty in the House is to do all we can to support them through this difficult period because they provide jobs, growth and, more importantly, creativity in British industry. We must ensure that that lives and is around in two or three years' time.

8.52 pm

Margaret Moran (Luton, South) (Lab): If the small business community is not depressed enough by the current economic situation, it will be even more depressed by the speech of the hon. Member for Rutland and Melton (Alan Duncan) from the Opposition Front Bench. The speech was short on solutions and long on omissions.

The Opposition omitted to mention who was adviser to the then Chancellor at the time that we were dumped out of the exchange rate mechanism, with all the consequences of doubling unemployment and huge numbers of small businesses in my constituency going bust as a result. The Opposition omitted to mention that they got it wrong on Northern Rock and almost every other financial measure that we have introduced to ensure financial stability for businesses large and small. They omitted to mention that they advocated cutting Train to Gain which, as we heard, is enormously successful and will be extremely important to sustain our small businesses. They omitted to mention that they voted against the small business rate relief, yet are now campaigning as though they had supported it—long on spin, short on substance.

The measures that our Government have produced are practical, workable and swift in their implementation. I declare an interest. I was the first fellow of the Industry and Parliament Trust to undertake a small business fellowship. That has helped inform me about the incredible value of small businesses, certainly within my constituency. The energy, innovation and employment that they contribute to our economy are vital. I am also chair of the all-party group on social enterprise, and I want to ensure that in this debate we do not underestimate the importance of social enterprise in providing a triple-bottom-line value, which, although the sector is small, reflects where we need to go in terms of business confidence.

My constituency is generally seen as an area of bigger business. Vauxhall had plants there, although they are sadly long gone. I welcome the Opposition's apparent new-found support for regional development agencies; without them and European funding, thousands of my constituents would have lost their jobs and not been able to gain jobs swiftly. I sincerely hope that we will not need similar support for IBC Vehicles Ltd, which is seeing more down days. We need to ensure that our regional development agencies are on their toes so that they can support small businesses as quickly as possible and that all the mechanisms to allow them to do that are in place.

We have heard a lot of sensible and practical solutions from the Government; I do not want to repeat ones that have already been mentioned. We need to ensure that all public bodies—and I mean all: local authorities, registered social landlords and so on—conform to the Government's suggested payment timetables. We need to encourage large companies to follow that lead as well. They should genuinely partner with small companies and protect their supply chains; we have heard how important that is. I commend London Luton airport, which recently held an event to encourage local supply chains and work with them more productively.

The Government must look at their procurement and tendering processes in relation to small businesses and social enterprise; frankly, they are not good enough. If

we are to ensure the lifeblood of small businesses, getting the contracts through quickly and in a streamlined way will be critical.

Given that we face a credit crunch, this plea may sound a bit bizarre, but I also want the Government to support small business so that it can maintain and not lose sight of its corporate social responsibility agenda. We talk about CSR in the context of big business; actually, we need to ensure that small businesses are part of the game and to recognise that there is a valuable bottom line for them if they get involved in CSR.

At this sort of time, it seems that that should be the last thing that we should suggest. I think, however, that the converse is the case. During the global economic crunch, people are losing trust in financial institutions and businesses, and they need to see trust and responsibility restored—with customers and suppliers and between businesses. In this new economic era, people need to see that businesses and financial institutions can be responsible and that we can have confidence in them being there for us in the long term. In that way, responsible businesses will have confidence in their products and services, in buying and selling and in controls to reduce risk and maximise opportunity. They will then be focused on long-term success—economic, social and environmental—not on the short-term, get-rich-quick projects that got us into this mess in the first place.

People are looking for such businesses and we need to support our small business sector so that they get them. *[Interruption.]* Some Members are looking askance at me, as if what I am saying is totally irrelevant. I say to them that there is evidence to support my theory. Business in the Community has done research that shows that involvement in corporate social responsibility improves bottom-line financial performance. There is too little evidence in respect of small and medium-sized enterprises, but there is evidence of a real return on investment. Indeed, today, I had a meeting with a company called Commercial, which provides print, stationery and office equipment. It has taken that approach on the environment.

Lorely Burt: Will the hon. Lady give way?

Margaret Moran: I am sorry, I have not got time.

That company managed to reduce its waste costs by 80 per cent. over the last three years. It is now aiming for zero landfill, which will take a huge cost out of its bottom line. It is evangelical about it, and it is partnering other small businesses to give them similar benefits. That is the sort of model we should be aiming for, and that is the message that Government need to get across to small business. We need to support and co-ordinate small businesses so that they can see that there are environmental and economic benefits from that kind of activity, which will pay off in the short, medium and long term.

The Government need to look further at support for social enterprise. Who lives and breathes the creation of profit and of employment and enterprise? It is social enterprises. If we are concerned, as we must be, about small businesses laying off staff, with all the implications that has for unemployment, who are the least likely to lay off staff? It is social enterprises. Their focus on the triple bottom line means that they will support those retaining people in employment, and many of them are all about the creation of more employment and help for those who are unemployed.

Returning to the evidence base for what I am saying, Business in the Community has done research that shows that small companies that manage their environmental and social impact in a more efficient way are better able to cope with future economic challenges. It found that, in a declining market, the companies it measured which were involved in corporate social responsibility were outperforming their counterparts by 3.7 per cent. between June 2001 and June 2004, and that a further group were outperforming their peers by 72 per cent. in the same period. Those businesses found such involvement had a practical, bottom-line impact.

The evidence from the Social Enterprise Coalition is that social enterprise lenders provide better liquidity where it is most needed and, in many instances, they have increased their lending to those that need it most—look at community finance development institutions and credit unions. They are resilient businesses, delivering the jobs, skills and services most needed in times of economic crisis in communities. Their reservoir of skills and local expertise is an asset for recovering regional economies that should not be wasted at this time. We must not lose their experience in building in that triple-bottom-line benefit, including the social and environmental experience that they bring.

There are opportunities for us to think anew about the new kind of business that people want—responsible and not fly-by-night. We need to help to bolster such new businesses, to build support with business, consumers and customers. By providing greater support to small businesses within the CSR agenda, and providing greater support to social enterprise, we could see a new vision of the kind of small business that we want. Those businesses will have the energy and initiative to bring wider benefits to the local and national economy.

9.3 pm

Anne Main (St. Albans) (Con): I am pleased to follow someone else who is in the east of England, but I was amazed at her complacency about some of the things that have affected the east of England. I am no great fan of development agencies or regional assemblies. It is interesting, however, to note that those are the Government's delivery vehicles for grants. We cannot ignore the fact that the Government have decided to take away a substantial amount of money from the grants directly affecting businesses, and have used it to prop up the housing market. Only in August, we were told by the then Exchequer Secretary to the Treasury:

> "The East of England is being affected by global uncertainty…so here in the East of England we are determined the government along with regional and local agencies such as EEDA will all work together to ensure that businesses get the support they need."

The Minister for the East of England said:

> "In these difficult times we must keep calm and continue to work to our strengths. I am confident that the region's innovative businesses, which are investing so heavily in the skills of their staff, have the right approach. But, more can always be done."

which is why we will be

> "working with the business community to make sure that everyone is equipped to meet the challenges".

[Anne Main]

That was in August. In October the Government did a big U-turn, pinching a large amount of money—£300 million—from those very businesses, and believe me, Madam Deputy Speaker, they think that that is a problem. As David Kingham, the managing director of Oxford Innovation, one of the country's leading providers of managed work spaces, puts it:

"We have a problem in banking, clearly, and an impact in the housing market. But the last thing we want is the cost of that to start to damage small business investment."

Unfortunately, it already has.

Barry Gardiner: Will the hon. Lady give way?

Anne Main: No, I shall not give way, because other hon. Members have waited a long time to speak.

Walter Herriott, Mr. Kingham's counterpart, said that he had lost public funding from the East of England Development Agency for the first time in 15 years.

"Within the last week, because of...funding of first-time buyers, we have been squeezed by the testicles,"

he said, obviously finding the experience a very painful one.

Needless to say, when the Select Committee on Communities and Local Government looked into the auditing of how things were going in the east of England, I asked the question. I said that small businesses might be finding it difficult. I said that there had been some criticisms from small businesses locally, which have said that money has been taken away from business development through the RDA to prop up the housing market. I asked how that could be justified. What research had been done into the impact on struggling small businesses?

A Mr. McCarthy, an official, said to us:

"ministers took that decision very carefully and with some degree of reluctance. It was a decision taken in consultation with the Prime Minister and with John Hutton as well as by ministers in our Department; it was not a unilateral decision."

He went on to say:

"Therefore a conscious decision was taken to fund an initiative"

to prop up the housing market—my words, not his—

"because that money is all about buying their completed stock as well as helping first time buyers who cannot access a home at the moment. I think that despite it being difficult and painful for ministers, it does something which helps industry and helps first time buyers now."

But the pain and the difficulty is being felt by small businesses.

I asked the Minister in an earlier intervention what he thought about that, but all he said was, "Oh, I'm glad to see that you're all supporting RDAs now," focusing his attention always on the delivery vehicle, not on the grants that are being stolen. The Government have decided to put money towards house building, investing in propping up the housing market, at the expense of small businesses.

Barry Gardiner: Will the hon. Lady give way?

Anne Main: If I am generous enough to give way, the hon. Gentleman will have to be incredibly brief.

Barry Gardiner: I am extremely grateful to the hon. Lady. Does she appreciate that putting money into the housing market is one of the best possible ways of supporting electricians, tilers, plumbers, joiners, roofers, handymen, carpet layers and all the other small businesses that go with housing?

Anne Main: I am very sorry that I took that intervention. The fact that the Government are going ahead with hundreds of thousands of extra houses that are under dispute in our area is more about saving their house building programme.

It cannot possibly be right that small businesses should be used as the whipping boy. They have put up with an awful lot of economic pressures already. They have been regulated to death and now, in their hour of need, they are unfortunately being seen as a ready pot of investment that can be taken away. What is more, the Government are being so quiet about all this. It seems that no matter whom I ask, they all say, "Oh, we're all in favour of regional assemblies and RDAs now, are we?" That is not what we are talking about; that is the delivery mechanism.

I look forward to seeing the Secretary of State come back tonight and tell us whether he has made any calculations of the impact that taking away that future investment will have on small businesses that were looking to receive it from the Government. As far as I know, there have been no such calculations. I have been told nothing other than that the decision was a difficult one. I would love to know what information informed it.

9.9 pm

Stephen Hesford (Wirral, West) (Lab): Before I retrace our steps to see how we got into the international credit crunch, I should like to say something more positive. This is a debate of genuine concern for small businesses, and for the enterprise sector generally, but I have not heard a lot from the Opposition about how we can talk the economy up instead of talking it down. For example, the national chairman of the Federation of Small Businesses came to Liverpool recently to host a lunch in that magnificent city. It was the first visit to the city by the national chairman of the federation. He gave the very positive message about the enterprising benefit that the federation was gaining from the city being the capital of culture. As hon. Members will know, Liverpool is the European capital of culture this year. He said that he wanted to look forward to what Liverpool and the sub-region of Merseyside could do, not only this year but in the future. He wanted to build in to the region not only the fantastic year that we are having with the capital of culture but the benefits that will survive beyond this year and go forward.

The Federation of Small Businesses was amazed, having done some thinking outside the box—to use a rather ugly phrase—to have become so involved with the creative industries, as it had not really thought of doing so. Liverpool has long been well known for its creative industries. The message was that, yes, this is undoubtedly a difficult climate, but if they think positively, there are ways for small and medium-sized enterprises upwards to build confidence. Rather than talking down the region, we need to talk it up.

I should add, in parenthesis, that the Tories' favourite think-tank—from which I understand many of their as yet unspoken policies might yet emerge—produced a

report during the recess that recommended that people who lived in Merseyside and Liverpool should forget the area and move to the south-east. That appeared to be the apotheosis of Tory policy. Other hon. Members have noted the apparent change in Tory policy—I do not know whether that is what we are witnessing—and their new interest in regional development associations. Labour Members will certainly not ignore the regions, however, as some of my hon. Friends have already said.

I want to retrace our steps in regard to the analysis of the credit crunch. I have put it to the hon. Member for Tatton (Mr. Osborne) that he had previously admitted that the tsunami of the credit crunch and the toxic sub-prime mortgages could not have been foreseen. That is certainly the case, and it is the reason why we are now in the middle of this global crisis, so it is completely disingenuous of the Opposition to keep talking down the situation and trying to blame these foreign circumstances on my right hon. Friend the Prime Minister. If people think that I am wrong about that, perhaps I may pray in aid Mr. David Smith, the economics editor of *The Sunday Times*. He describes the Tory claim—which I do not have time fully to reiterate—that everything lies at the door of my right hon. Friend as just plain "daft"—*[Interruption.]* The hon. Member for Northampton, South (Mr. Binley) says that he has not made such a claim, but those on his Front Bench have done so. They repeated that calumny tonight.

What David Smith goes on to say is that we have to recognise that the normal tools of central banking are sometimes not adequate for the crisis that comes along—a crisis that the hon. Member for Tatton said could not have been foreseen. He goes on to explain that what we have experienced is an extreme version of market behaviour built around derivatives and toxic financial products, with which we are now stuck.

Mr. Andrew Pelling (Croydon, Central) (Ind): It was impressive that the Government were determined to take action quickly, but is not one of the problems that they have not dealt with those toxic assets on bank balance sheets? It would have been better if they had arranged more debt with the banks in order to remove the toxic debts from their balance sheets and repair their wounds.

Stephen Hesford: The hon. Gentleman is absolutely wrong. The Americans tried that, raising $700 billion with the idea of buying toxic debt, but it simply did not work. The markets hated it and Wall street crashed on the back of that wrong action; the right way of doing it is what my right hon. Friend the Prime Minister suggested—recapitalising the banks and putting liquidity back into the system. The hon. Gentleman is, as I said, absolutely wrong. I am glad that we did not take his advice and I am glad that we ignored the advice of other Conservative Members on a number of issues such as Northern Rock and Bradford & Bingley. Had we taken it, we would have done a Lehman's and the problem would have been even worse.

Conservative Members argued earlier that we cannot afford to borrow or to use good old-fashioned Keynesian economics to help the economy through these hard times. Well, Maurice Fitzpatrick of Grant Thornton points out that Britain's public debt position, which is better than any other G7 country, gives us a big advantage. Even a UK debt figure of between 40 per cent. and 50 per cent. of gross domestic product is half the G7 average of 93 per cent.; America is on 61 per cent., Germany on 63 per cent.; France on 64 per cent., Canada on 68 per cent., Italy on 104 per cent., and Japan on 195 per cent. We are in as good a place as any to be able to afford the borrowing that my right hon. Friend the Prime Minister has put in place.

As for us having a big public deficit—*[Interruption.]* I would be grateful if the hon. Member for St. Albans (Anne Main) did me the courtesy of listening to what I am saying. These are serious matters, but she is grinning all over her face—*[Interruption.]*

Madam Deputy Speaker: Order. May we please have some courtesy shown in the Chamber?

Stephen Hesford: Thank you, Madam Deputy Speaker.

As for the so-called budget deficit, John Hawksworth of PricewaterhouseCoopers noted that

"partial nationalisations (taxpayer stakes in banks)... do not add to public-sector net borrowing... They are... below-the-line financial transactions",

which means that they do not put pressure on the Chancellor to raise taxes or cut spending. As the Government have made clear, we are not going to cut spending.

In conclusion, on the micro-way of supporting small businesses, I welcome what my hon. Friend the Minister said earlier in opening for the Government. We will not talk down the economy; we look forward to the measures that the central Government have suggested to their suppliers to pay within 10 days; we look forward to the increased support for Train to Gain; and we welcome further initiatives on local Business Links. I agree with what my noble Friend the new Business Secretary said:

"We understand that small and medium sized businesses are facing tough times as a result of the global economic squeeze... The Government has taken steps to ensure that banks are properly capitalised and can start lending again".

I look forward to moving forward positively with the banks starting to lend again so that small businesses can once again have confidence in the banking system.

9.19 pm

Mr. Charles Walker (Broxbourne) (Con): It is simply amazing to hear the contributions of Labour Members. You would not believe, if you had tuned in for the first time—

Madam Deputy Speaker: Order. I might or might not believe whatever is being said, but perhaps the hon. Gentleman will consider his phraseology.

Mr. Walker: I was referring to the general public in the rounder use of the word "you".

The general public would not believe, if they had tuned into the parliamentary channel for the first time, that the Government had been in power for 11 years. We have had 11 years of Labour misrule. For the first 10 years, the Chancellor, now the Prime Minister, told us all that he had abolished boom and bust, and that the economic miracle being experienced by the UK was entirely down to his stewardship—that it was nothing to do with a strong global economy, and that it was down

[Mr. Walker]

to his guidance and supervision. He is a bit like Macavity—as soon as things go wrong, as was bound to happen after his spending splurge and 10 years of debt-fuelled extravagance at the taxpayer's expense, he says, "It's not my fault, guv. It's nothing to do with me. I'm totally misunderstood. It's all to do with these horrible Americans and the sub-prime debt market."

The hon. Member for Wirral, West (Stephen Hesford) said that the sub-prime collapse could not have been forecasted. But as my right hon. Friend the Member for Wokingham (Mr. Redwood) has said—

Stephen Hesford *rose—*

Mr. Walker: I will not give way to you. I really will not give way to the hon. Member for Wirral, West.

Madam Deputy Speaker: Order. I ask the hon. Gentleman to remember that we should have courtesy in this Chamber.

Mr. Walker: I am sorry. I am unable to give way to the hon. Member for Wirral, West. He forgets that Bradford & Bingley and Northern Rock were lending not in the United States of America, but in the United Kingdom. They were advancing people mortgages of five or six times their annual earnings. They were allowing self-certification, and lending money to people who had no hope of paying it back. They have caused human misery on an enormous scale.

Today, 80,000 homes are under order of repossession. What will the figure be in 2010, when it is estimated that house prices will have fallen by 35 per cent. from their peak? The Government should at least say sorry to the hundreds of thousands if not millions of people whom their policies will drive out of work. Their policies will cause significant unemployment over the next three or four years.

It is all very well to talk about history lessons, about 1997 and 1979, but those years are exactly that—history. This is the here and now. The problems have happened under this Government's watch. The Prime Minister must face up to the fact that he has driven this country to the edge of financial crisis. A lot of very good businesses will pay the price of his mismanagement.

Let us remind ourselves of the figures. The banks are being underwritten by £500 billion of taxpayer's money. That is an astronomical figure—half a trillion pounds. The Government only manage to spend £650 billion a year, so nearly 80 per cent. of that, which they raise from the taxpayer and the debt markets, now underpins our banking system. If that is not a financial disaster, I do not know what is.

I also point out to the hon. Member for Wirral, West and the hon. Member for Brent, North (Barry Gardiner)—before the last reshuffle he was the forestry ambassador, not that it was a ministerial position—that the £500 billion must be paid back at some time in the future. Guess who will be paying it back—the taxpayer, for generations to come. That will not be easily forgotten.

Mr. Pelling: The hon. Gentleman talks of the very large size of the £500 billion bail-out. In the light of that, is it not appropriate to ask whether the money was well spent? Reference was made earlier to whether the use of debt and the removal of toxic assets from bank balance sheets constituted a better approach than recapitalisation through equity. After all, it is the innovative and very successful scheme recently established by the Swiss National Bank that allows the removal of those toxic assets, improving the quality of the bank and removing the Government from the embarrassment of constantly being asked—bearing in mind that they are a majority shareholder—what they will do about the minutiae of the management of those banks. Surely that would have been a better way to spend such substantial amounts.

Mr. Walker: My hon. Friend makes a good point, but the Government are asking us to take everything on trust. How can we trust a Government who have taken the country to the edge of financial ruin? No trust is left.

The hon. Member for Luton, South (Margaret Moran), who is no longer in the Chamber, talked of corporate social responsibility. I do not think she understands that the most responsible thing that small businesses can do now is try to retain their work forces—try to retain people in jobs so that they can put food on their tables. This is the level of the crisis facing small businesses.

I see the Minister of State making a few sedentary interventions. He really is living in cloud cuckoo land if he thinks that banks will lend at 2007 rates. Small businesses are having their loans renegotiated by banks at rates of upwards of 15 per cent. They are seeing their interest rates trebled, and that is pushing very good and viable businesses to the wall at this moment.

Mark Durkan: Will the hon. Gentleman give way?

Mr. Walker: I am sorry; I do not have time to give way to the hon. Gentleman.

I really believe that, after 11 years, the Government probably—or definitely— should have done a better job on the economy. For the last 11 years the Chancellor, now the Prime Minister, has said, "Trust me: I know what I am doing." Well, clearly he has not had a clue. He has been making it up as he goes along.

The four Labour Members who spoke this evening will all lose their seats at the next general election. They will pay the price for the Prime Minister's failure, and ultimately he will have to explain himself to them when they are looking for new jobs.

9.27 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): This has been a short but timely debate. I know that it is of great concern to the millions of small businesses in our constituencies, and I am sure that many of them will have followed what has been said. I know that those in my constituency are keen to find out not only what we plan but what the Government's response will be, so I look forward to the Minister's reply.

The debate began with an excellent exposition from my hon. Friend the Member for Rutland and Melton (Alan Duncan). With his usual historical and indeed oratorical insight, he rightly exposed the way in which the Government's policies have directly weakened the nation's finances. In responding, the Minister mentioned a number of initiatives that the Government had taken—

although, on closer examination, I could not see any new money included over and above the current Government spending plans. While I believe that the Minister is a decent man, I was slightly saddened that, like other Ministers, he could not bring himself to accept that the Government had even a scintilla of responsibility for the events of recent months.

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), the Liberal Democrat spokesman, spoke with his usual charm, but also contributed some useful insights, not least because—like a number of those who have spoken—he has had experience of real businesses. I welcome his party's support for our motion, although I understand that he may have a few caveats along the way.

My hon. Friend the Member for Northampton, South (Mr. Binley) brought his usual energy and insight to the debate—again, born of someone who has actually been involved in starting and running a business. He knows and understands what is actually involved.

We then had a number of varying contributions from Labour Members—from the hon. Members for Wirral, West (Stephen Hesford), for Luton, South (Margaret Moran) and for Crawley (Laura Moffatt). My worry is that I did not hear from a single Labour Back Bencher any mention of how the overdrafts and pressures on small businesses today are affecting their constituents. I hope that that was an oversight on their part. I am sure that their constituents hope that as well.

I turn lastly to my two neighbours in Hertfordshire. My hon. Friend the Member for St. Albans (Anne Main) rightly expressed her anger at the way in which the Government offer money to businesses and then quickly take it away. One cannot plan a small business if there is that constant merry-go-round of Government funds. That was a perfectly reasonable criticism which I hope the Minister will take on board.

Last but by no means least, we had the enthusiastic and energetic contribution from my good neighbour the hon. Member for Broxbourne (Mr. Walker). He was right to be angry and passionate about the issue. The frustration that many of our constituents feel is that, while Ministers try to pass the buck, the people who in the end will pay the price for the current problems are the taxpayers. We will pay for the Government's mistakes.

For much of the past 16 years, the global economy has been growing. Here in the UK, it has been a boom that has lasted through two Governments and three Prime Ministers. Yet in the past decade we have seen this golden opportunity squandered, as the current Government have taxed and borrowed without ever preparing for the future. They have taken us from boom to bust. Thus, despite soaring tax revenues, as the IMF has noted, the national debt has climbed inexorably. Even before the downturn bites on Government revenues, we have a higher budget deficit than almost any other major country, unless of course one counts Pakistan, Egypt and Hungary.

Part of the problem has been the arrogance of a Chancellor, now Prime Minister, who believed that he had for ever ended the cycle of boom and bust. Indeed, in 1997, he promised that under his stewardship, our economy would

"be built not on the shifting sands of boom and bust, but on the bedrock of prudent and wise economic management for the long term."

How hollow that boast must sound to the thousands of families in our constituencies whose homes are about to be repossessed.

Our economic performance has been slipping behind that of our competitors. Our productivity lags behind most G8 nations and the rising tax burden is pushing good firms abroad. According to the World Economic Forum, we have fallen from fourth to 12th in its key measure of international competitiveness. British business is doing its best, but all too often that is in spite of the Government, not because of it. Thus, since 1997, there have been over 100 stealth tax rises, which by 2010—an interesting date that is clearly in the minds of the Government—will have cost business £80 billion.

The tax system itself now has become a burden for businesses large and small. According to one of the leading independent surveys in the last year, the average small company now spends 50 hours every year just complying with the tax regulations, never mind the rest. It is this toxic combination of tax and red tape that has been strangling enterprise, despite all the promises and ministerial photo opportunities.

The Prime Minister, of course, likes to boast—the Minister repeated it today—that there are more small companies today than there were in 1997. Indeed, the numbers have grown, but at a slower rate than the increase in population. So for all the talk of an entrepreneurial culture, the net result is that today fewer of us are starting up a new business. It is just as concerning that fewer small businesses today employ people than was the case 10 years ago. Indeed by last year, seven out of 10 small firms no longer employed anybody. What a wasted opportunity.

Before I came into politics, I ran my own business for 10 years. I passionately believe in the importance of small and medium firms in our economy. It is they who generate £1,400 billion of our national wealth, and even now, despite the burden of this Government, they still employ more than 12 million people. I and my Conservative colleagues never forget that it is not the Government who create wealth and private sector jobs; it is the private and small businesses who create the wealth and the jobs on which the rest of us rely. That is why I have followed the events of recent months with a sense of foreboding, for as we have all watched the stock market screens turn red, I knew it would be the hard-working business owners and their staff who would pay.

We need to act fast to help these firms. The best start would be if the Government were to scrap their planned tax rises for small businesses. What is the economic logic of increasing small company corporation tax by more than £370 million in this of all years? The tax hike should be reversed, and if the Government do not do it, we will.

To be fair, it is true that over the past week or so we started to hear more positive noises from Ministers. They are right to highlight the importance of tackling late payment by central Government. Indeed, I am glad that Ministers are now following my party leader's call to ensure that all levels of government—national, regional and local—pay due invoices within 20 days.

However, today's announcement by the Government on staff training is not so promising. When we look closely, there is no new money and, indeed, most of the

[Mr. Mark Prisk]

elements of the scheme involve things that already exist, so what at first appeared to be a good idea turns out to be just spin. The problem with the Government at present is that with their new boss, Lord Mandelson, at the Department for Business, Enterprise and Regulatory Reform—and it is a pity he is not able to be present—we have spin rather than substance. As there is no new money and this scheme largely contains measures that already exist, I invite the Minister to intervene and tell us how much additional money on top of his current spending plans he intends to put in.

Mr. McFadden: Given that the hon. Gentleman is talking about the training budget, will he confirm that it is still his party's policy to remove £1 billion from the Train to Gain budget?

Mr. Prisk: I would love to be standing on the other side of the Dispatch Box and be able to answer, as a Minister, the Opposition's questions, but let us be clear: we will use the money that is put into training to most effect. That is why, for example, we will use some of it to give £2,000 to every small business, so that they can use that money properly.

I invite the Minister to intervene again, and let me ask him a simple question. Is the £350 million that his Secretary of State has talked about today new money or not? Does he not wish to answer? I think the House will note the silence of the Minister on the question of any new money.

Rob Marris *rose—*

Mr. Prisk: I am delighted to give way to the other Member for Wolverhampton. Perhaps he will be a little more eloquent than his colleague the Minister.

Rob Marris: I do not know about new money, but £37 billion sounds like a lot to me. The Opposition motion to which the hon. Gentleman is speaking tonight contains two measures—although I must say that I do not think they are sufficient. Can he tell us what those two measures will cost?

Mr. Prisk: I will tell the hon. Gentleman exactly that in a moment, because when I turn the page of my speech I will get into the details, and as he knows I like to make sure the details are right. I am happy to do that, therefore, but I am sure that the House has noted that there was no offer, even from the Labour Back Benches, of new money.

It is the noble Lord Mandelson's birthday, so we should at least send him some greetings. The new Secretary of State for Business, Enterprise and Regulatory Reform was reported as having said yesterday that he had plans to delay a number of laws on flexible working, banking holidays and, indeed, paid maternity leave. Yet within hours the Chief Secretary to the Treasury said that that was not the case, and that the Government would not do anything to hurt decent working people. Indeed, the TUC went further, saying the reported plans were "astonishingly irrelevant".

Who is right? What can small firms expect from the Government? We would love to ask the Secretary of State for Business, Enterprise and Regulatory Reform, but we cannot do so as he cannot be here because he sits in the other place, so perhaps the Minister can help. Is his Department reviewing the laws, and when does he expect to implement them? Who counts more in this debate, the Secretary of State or the Labour party's paymasters?

To answer the hon. Member for Wolverhampton, South-West (Rob Marris), our motion sets out the urgent need for positive action. I shall run through the actions that we propose. First, we will allow small and medium-sized enterprises to defer their VAT bills for up to six months. For a typical business with a VAT bill of a third of a million pounds, that could free up £90,000, which could be the difference between survival and failure for some businesses. As a jeweller in my constituency pointed out to me, they do not seek special treatment, they just want a little flexibility and a little understanding.

Secondly, we would cut payroll taxes for the smallest employers, to help them save money and so keep jobs. That would mean that a local firm with, say, four employees and a wage bill of £150,000 would save £100 each and every month. Thirdly, we will help small businesses, especially shops, to claim their small business rate relief. Just half of the firms that are eligible currently claim that relief, and we want to help them. That is why we will provide a new way for them to make their claims directly.

Another matter that has been mentioned is banking, which is crucial to small firms. The way in which small businesses are being dealt with by their banks is of great concern. We heard from my hon. Friend the Member for Northampton, South about how some long-established firms are finding their overdrafts being called in without warning, and from the hon. Member for Caithness, Sutherland and Easter Ross about how the rates on those overdrafts have suddenly increased significantly. It is not because those firms have become a riskier prospect; it is simply a direct result of the credit crunch.

In recent days, Ministers have said that unreasonable actions by the banks against mortgage holders will not be tolerated, but what about small businesses? What can they expect from the Government? I hope that the Minister will be able to tell us exactly what the Government regard as unreasonable action by the banks. After all, as a shareholder, or at least a putative shareholder, in some of the major high street names, the Government will no longer be able to walk on by. I would say to the banks that they need to think carefully about how they treat their customers. After all, we as taxpayers have bailed out the banking system. Pulling the rug from under good firms' feet would be neither wise nor acceptable.

Businesses in this country face a severe challenge, and for some it may prove fatal. We will return in time to the fundamental question of why, after 16 continuous years of growth, the nation's finances are so poor. At this moment, however, the priority is to reach out and help the millions of small businesses that are the backbone of our economy. My party has set out a positive plan for action, and just as Ministers have helped the banking system, so the Conservatives stand by small businesses. They need help to manage their cash flow; we will provide it. They need supportive banking; we will enable the Government to achieve that. They need help to cut their costs. We believe that our plans could make a real difference to millions of firms and their staff. I urge the Government to adopt our ideas—as their own, if they wish—and to work with us to help our businesses survive and prosper in the coming months.

9.43 pm

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): I agree with the hon. Member for Hertford and Stortford (Mr. Prisk) to the extent that the priority for the House and the Government must be to concentrate on what we need to do to help small businesses through the difficult economic climate that we now face.

This has been an important, interesting and useful debate, and it has highlighted the regard in which small businesses are held—to be fair, Members of all parties have demonstrated that—and the remarkable contribution of innovation, creativity and competitive challenge that small businesses bring to our economy. The debate has allowed the Government to highlight our continuing sense of responsibility to assist small businesses in navigating the difficult economic times that we are entering.

If I may, I wish to take this opportunity to salute the contribution to that agenda of my immediate predecessor. Lord Jones is a great ambassador for business in the UK, and if at times he is occasionally controversial, he is also a real enthusiast. I cannot promise a similar style, but all of us in the Department for Business, Enterprise and Regulatory Reform will be just as passionate for British business as he was. Indeed, I relish the chance to champion the imagination, dynamism and ability of our business people. I should say that Lord Jones has agreed to be one of 14 business ambassadors who will help the Prime Minister and the Secretary of State for Business, Enterprise and Regulatory Reform to promote British business overseas—I will also be involved. I welcome all their commitment and contribution to this agenda.

My hon. Friend the Member for Luton, South (Margaret Moran) rightly reminded us that when we think about small businesses, we need also to consider in our analysis the contribution that social enterprises can make to the economy and their specific needs in the economic circumstances that we face. We will indeed do that. I join the right hon. Member for Rutland—*[Interruption.]* Okay, just the hon. Member for Rutland and Melton (Alan Duncan)—I apologise for exaggerating his importance. I join him in welcoming the campaigns by both *The Sun* and the *Daily Mail* to champion the needs of small business. I shall discuss some of the specific comments that they have made in due course.

As the Minister of State, Department for Business, Enterprise and Regulatory Reform, my hon. Friend the Member for Wolverhampton, South-East (Mr. McFadden), rightly noted, outside organisations, not least one as significant as the World Bank, have said that Britain is still among the best places in the world to do business—it is second in Europe and sixth in the world. Of course, we cannot relax about that business environment. We know that many small businesses are facing considerable difficulties and will face more difficulties over the current period, so there will be much more for the Government to do in the months to come.

The hon. Members for Caithness, Sutherland and Easter Ross (John Thurso) and for Northampton, South (Mr. Binley), my hon. Friend the Member for Crawley (Laura Moffatt) and one or two others noted the issue that small businesses have raised most urgently with, I suspect, both sides of the House—access to finance. As the Minister noted, small businesses need to be able to borrow to invest and to keep their companies moving. That is one of the reasons why we will monitor the commitments made on the availability of finance to small and medium-sized enterprises by Britain's biggest banks. It is also one of the reasons why my right hon. Friends the Prime Minister and the Chancellor have put so much time into working to ensure that Britain's biggest banks can continue to lend money.

Mr. Binley *rose—*

Mr. Thomas: Before I give way to hon. Gentleman, may I pick up the specific concern raised by the hon. Member for Solihull (Lorely Burt) in an intervention on him? It dealt with the question of whether the Government were in some way holding up Britain's biggest banks' access to the European Investment Bank's funding. Let me make it clear to both hon. Members and to the House that we are certainly not seeking to delay the banks' access to that funding. The four largest UK banks have signalled their interest in taking up to £1 billion from the EIB to help small firms. We are engaged in close dialogue with the EIB in order to satisfy it on points concerning risk sharing with the banks. We are also working to facilitate access for smaller banks to EIB funding.

As I have previously alluded to, as the Minister of State made clear and as my right hon. Friend the Secretary of State made clear in his appearance before the Select Committee this morning, further meetings with the banks will take place later this week to make sure that they are thinking through, and delivering on, their commitment to continue to lend to small businesses at a level commensurate with what they lent in 2007.

Mr. Binley: The Minister said that he would monitor the reaction of banks to requests from small businesses for overdrafts, contingency funds and other loans. Will he do more than that and, as a major shareholder, intervene where there is a real need? Will he do that quickly, because the reaction is not as he believes it to be at the moment?

Mr. Thomas: As I have already said, we are actively talking to the banks about how to ensure that they deliver on the commitment that they have made. I understand the profound concerns of many small businesses about access to lending and whether the banks will genuinely deliver on the commitment that they have made to the Government to continue to lend at a rate commensurate with 2007. That is one of the reasons why the Secretary of State and the Chancellor of the Exchequer will continue to meet the banks. Indeed, they are meeting them later this week. I recognise that the House is also concerned to ensure that monitoring takes place, so I hope that all hon. Members will welcome that continuing direct dialogue with the banks.

Mr. Prisk: Can the Minister confirm that if hon. Members, of whatever political persuasion, discover that small businesses face unreasonable behaviour from the banks, he and his colleagues will take those cases up and ensure that such abuse does not persist?

Mr. Thomas: We receive all sorts of correspondence from Members of Parliament representing the concerns raised with them in their constituencies. If hon. Members are approached by small businesses that face real difficulties,

[Mr. Thomas]

we will look into that and see what can be done to help. I hope that the hon. Gentleman will recognise that the prime responsibility to ensure genuine access to finance lies with the banks. They have some work to do to convince the small business community that they will follow through on their commitments. I hope that the House will recognise that we are continuing to monitor the banks' commitments closely.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): At a time when base rates are coming down, many small businesses find that their effective rate of borrowing, including arrangement fees, is double what it was last year, with many paying 15 per cent. Will the Minister send a clear signal to the banks tonight that that is unacceptable if the business fundamentals are the same as last year?

Mr. Thomas: My right hon. Friend the Chancellor has made it clear on many occasions that we recognise the considerable concern among the small business community and more generally about rates of lending and the price of that lending. That is why we are continuing to have an active dialogue with the banks, which continues on an almost daily basis. As I have said, the Secretary of State and the Chancellor will meet the banks later this week.

We can take other action to help business gain access to finance. We have already allocated an extra £60 million for the small firms loan guarantee scheme—a 20 per cent. increase—taking the total available to some £360 million, so that in more difficult months to come the scheme will have the resources to help many more firms.

Many hon. Members noted the need for prompt payment of business invoices because of the sometimes huge difficulties that late payment can generate for small businesses. I hope that hon. Members will welcome the commitment by the Government to paying their bills within 10 days. As my hon. Friend the Minister made clear, that will bring forward some £8 billion in payments, on top of the £58 billion already paid within this period. Hon. Members will note that regional development agencies have also signed up to that target, as has the chief executive of the national health service, who has written to all NHS bodies to ask them to follow suit and to ensure that primary care trusts, NHS hospitals and so on deliver on the same commitment.

As my hon. Friend the Minister also made clear, the Secretary of State for Communities and Local Government has written to the Local Government Association to encourage its members to play their part, too. I join the hon. Member for Caithness, Sutherland and Easter Ross and my hon. Friend the Member for Luton, South in noting the important contribution to prompt payment that all businesses can make, particularly big businesses. The Government have delivered for our part by introducing legislation back in 1998, by taking the action taken by my right hon. Friend the Prime Minister, and by taking the further action that has been initiated today.

I should acknowledge that many private sector firms are already committed to prompt payment. Some are already identified on the Institute of Credit Management's website, which I commend to the House. The hon. Member for Broxbourne (Mr. Walker) dismissed the concerns of my hon. Friend the Member for Luton, South about corporate social responsibility, but, with all due respect to him, I think that it is incumbent on private sector firms to exercise the same responsibility as Government and to pay their bills on time. That is a matter of corporate social responsibility. I welcome those names that are already on the ICM's website, and I hope that there will be many more to come.

In his opening speech, my hon. Friend the Minister also noted the additional advice that will now be available through Business Link. It is already providing support to some 850,000 customers in any one year. Free health checks offering advice and support to businesses will be available, if they are wanted, over the coming months.

Training matters, too, as my hon. Friend the Minister acknowledged. My right hon. Friend the Secretary of State for Innovation, Universities and Skills has also acknowledged that and has announced today that there will be further flexibility in the Train to Gain programme, which will help to make more short-term funding available and enabling a greater range of employees to benefit than has been the case until now.

It was somewhat disappointing to hear the intemperate nature of the opening comments made by the hon. Member for Rutland and Melton. There was no apology for the dismal record of the Opposition when they were in power. There were two terrible recessions in which business after business went to the wall and honest, hard-working people, both those running businesses and those working for businesses, saw a lifetime of effort and graft swept away by the arrogance of the then Government who simply would not listen. Three million people were unemployed—not once, as my hon. Friend the Minister said, and not twice. Interest rates were at a record level, at a base rate of some 15 per cent. At the heart of both recessions, 1,000 businesses went to the wall every week. That is the record of the Opposition and I suspect that that is why the hon. Member for Rutland and Melton sought to take such an unnecessarily partisan approach to the issues that small businesses face.

It is a matter of regret that hon. Members such as the hon. Members for Broxbourne and for St. Albans (Anne Main), chose to follow that intemperate approach—

Mr. Walker: Will the Minister give way?

Mr. Thomas: Not at this stage, no.

I say gently to the hon. Member for Rutland and Melton that it is not surprising that we in the Government should not know from one day to the next whether his party supports the continuation of regional development agencies—

Several hon. Members *rose*—

Mr. Speaker: Order. It does not matter whether the Minister has two minutes left or not. He is not going to give way.

Mr. Thomas: The Opposition flip and they flop, they shilly and they shally and every single time they get the necessary response wrong. That is why we will continue to provide support to businesses. We recognise the challenges that small businesses as well as large businesses face, and we will continue to support them in the challenging times to come.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 214, Noes 301.

Division No. 279] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Jeremy Wright and James Duddridge

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles

Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, Dr. Alasdair
McFadden, Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Ms Diana R. Johnson and Steve McCabe

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 343, Noes 158.

Division No. 280] **[10.13 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian

Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harvey, Nick
Havard, Mr. Dai
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Linton, Martin
Lôve, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonnell, Dr. Alasdair
McFadden, Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Paisley, rh Rev. Ian
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, John
Smith, Sir Robert
Snelgrove, Anne

Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Steve McCabe and
Ms Diana R. Johnson

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waller, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Jeremy Wright and
James Duddridge

Question accordingly agreed to.

MR. SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House notes that in the 1980s Britain experienced two recessions with unemployment reaching three million on both occasions, a thousand businesses a week were lost and that interest rates reached 15 per cent.; further notes that the roots and effects of the current financial crisis are global and unprecedented in recent decades; believes that at such a time it is essential that the Government acts to restore stability and confidence and therefore supports the action the Government has taken to inject liquidity into the banking system, to recapitalise the banks and to make funds available to resume the medium term lending essential to small businesses; further notes that the UK is better placed than in the past to get through the economic downturn with an economy that has produced three million more jobs over the past decade and enjoyed strong growth and low inflation; supports Government measures such as the Prime Minister's announcement to reduce to 10 days the payment period from central government to small businesses and to bring forward funding for small businesses available through the European Investment Bank; and believes that the Government should reject public spending cuts at this time and continue working with the banks to ensure the availability and competitive pricing of lending to the small and medium sized business sector.

DELEGATED LEGISLATION

Ordered,

That the Social Security (Miscellaneous Amendments) (No. 4) Regulations 2008 (S.I., 2008, No. 2424), dated 10th September 2008, be referred to a Delegated Legislation Committee.—*[Mr. Roy.]*

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

Value Added Tax

That the Value Added Tax (Finance) (No. 2) Order 2008 (S.I., 2008, No. 2547), dated 29th September 2008, a copy of which was laid before this House on 29th September, be approved.—*[Mr. Roy.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

Competition

That the Enterprise Act 2002 (Specification of Additional Section 58 Consideration) Order 2008 (S.I., 2008, No. 2645), dated 6th October, a copy of which was laid before this House on 7th October, be approved.—*[Mr. Roy.]*

Mr. Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 22 October, pursuant to Standing Order No. 41A (Deferred divisions).

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Committees).

CAP 'Health Check' and Community Action on Rising Food Prices

That this House take note of European Union Documents No. 9656/08 and Addenda 1 and 2—Draft Council Regulation establishing common rules for direct support schemes for farmers under the Common Agricultural Policy and establishing certain support schemes for farmers, and Draft Council Regulation on modifications to the Common Agricultural Policy by amending 320/2006, 1234/2007, 3/2008 and an unnumbered document relating to the Common Market Organisation for wine, and Draft Council Regulation 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), and Draft Council Decision amending Decision 2006/144/EC in the Community strategic guidelines for rural development (programming period 2007 to 2013) and European Union Document No. 9923/08, Commission Communication—Tackling the challenge of rising food prices—Directions for EU action; supports the Government's negotiating aims that the 'Health Check' should cut further the trade and market distorting nature of the CAP, reduce regulatory burdens, give farmers greater control over their business decisions, and direct more public spending towards delivery of targeted public benefits; and considers that the separately proposed measures to tackle rising food prices are adequate and proportionate to the scale of the problem.—*[Mr. Roy.]*

Question agreed to.

PETITION

Planning and Development (Dorset)

10.27 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): A proposal to build 2,750 dwellings—a new town, in effect—was introduced in the south-west regional spatial strategy following a representation from a developer at the examination in public. The proposal is opposed by every local democratically elected body and every elected representative, as well as by almost 100 per cent. of local residents, on whose behalf I present the petition tonight.

The petition states:

The Petition of people living in the Mid-Dorset and North Poole Constituency,

Declares the Petitioners' concerns that the proposal to build 2,750 homes in the vicinity of Lytchett Minster village in the green belt will result in one urban sprawl and threaten the loss of individual identity for their villages and communities, increase traffic on already inadequate roads, put pressures on hospitals and other health services and on schools and endanger heath lands. The Petitioners further declare that it is not an effective way to tackle the housing needs of local young people.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to respond to the views of Purbeck District Council, supported by Dorset County Council, local town and parish councils and many individual constituents, by removing the proposal for the 2,750 homes in the vicinity of Lytchett Minster village from the South West Regional Spatial strategy.

And the Petitioners remain, etc.

[P088274]

Energy Policy (Scotland)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

10.29 pm

John Robertson (Glasgow, North-West) (Lab): I want to start by declaring an interest as chair of the all-party parliamentary group on nuclear energy. I am delighted to have this opportunity to promote discussion on the future energy needs of Scotland. This is a much-needed debate. We currently have a First Minister who is constructing his own folly in Edinburgh and creating a whole new age of irresponsibility by gambling like the banks with Scotland's future energy. This has been brought through the back door with planning policy in a way that was never intended in the devolution settlement. And there was good reason for that, with energy being an issue that transcends borders and one which is fundamentally important to the whole nation.

The First Minister is pursuing not an energy policy but an energy prejudice, through planning restrictions that have only one criterion: no to nuclear, regardless of the effects.

John Mason (Glasgow, East) (SNP): Will the hon. Gentleman give way?

John Robertson: No, I will not.

With power comes responsibility, and the First Minister's opposition to nuclear power demonstrates his inability rationally to examine the need for a balanced energy policy and the benefit that nuclear generation has delivered over the past 40 years. It is safe, reliable and, according to expert analysis, affordable. It would help us to reduce greenhouse gases, maintain security of supply and provide affordable energy for Scotland. Today, I want to ask the Minister of State, Department of Energy and Climate Change what his Department will do about its responsibility to provide this for the people of Scotland who are being frustrated in that respect.

Throughout its history, Scotland has been extremely fortunate with energy. There has been a long-term contribution from our nuclear plants, which at their peak delivered over 50 per cent. of our electricity needs. Even today, they still provide over 20 per cent. of our current base load. We have been self-sufficient in oil and gas, due to the huge investment in and exploitation of our natural resources in the North sea, and we have also had a profitable and viable coal industry.

So nuclear, coal and gas, with a contribution from limited hydro generation, have provided core sources of energy and the welcome balanced energy policy that has been so important to maintaining our way of life. But this now hangs in the balance. Our two remaining nuclear plants, at Hunterston and Torness, will both reach the end of their life cycle some time in the 2020s. Hunterston recently announced a life extension until 2016, but it must be recognised that continuing generation after that date will be extremely difficult and will require substantial engineering solutions if it is to continue to contribute to our base energy load.

Anne Moffat (East Lothian) (Lab): I congratulate my hon. Friend on securing this important debate. Having mentioned Torness, will he place on record the hard work of the skilled work force in my constituency?

John Robertson: My hon. Friend asked me to do that before the debate, and I am only too glad to support her work force and the excellent contribution that they have made to energy in Scotland.

It will come as no surprise to my colleagues that I was somewhat bemused when the Scottish National party Administration welcomed Hunterston's life extension, but where there is life there is hope—and where there are nationalists, there is always hypocrisy.

In parallel to this, our two coal-fired power stations at Longannet and Cockenzie are scheduled to close at the end of 2015, on account of European emissions legislation. Even if this could be avoided, those two coal-powered stations will have reached their 48th and 52nd birthdays by 2020. Because of this, the environmental impact and the reliability of these fossil fuel plants will be significantly worse than modern equivalents. So, with the imperative of climate change, and the SNP's manifesto pledge for a greener Scotland, this should be setting alarm bells ringing.

I am in favour of a comprehensive, balanced energy policy including coal, gas and nuclear, and I fully support the development of renewables to meet our future need. I am deeply concerned, however, that while the SNP Administration in Edinburgh advocate low-carbon energy, they reject nuclear power. Nuclear power is a proven, operational, safe and clean core source of low-carbon energy, whose emissions levels are, according to the UN, similar to those of renewables.

John Mason: Will the hon. Gentleman give way?

John Robertson: I will not give way to the hon. Gentleman, because he did not ask me before the debate whether he could speak.

So, the SNP's dogmatic opposition is completely illogical and damaging. I have to say that, south of the border, the Conservatives are not much better. Their flip-flopping on nuclear is unhelpful and dangerous, and it is about time that Conservative Back Benchers gave their Front Benchers a wake-up call.

The need for a truly balanced energy policy utilising all proven sources, which the Government have recognised, has been reinforced by this year's events. Increases and fluctuations in the price of oil and the effect on the economy have underscored the need to reduce our dependence on imported fossil fuels. My constituents feel that need when they get their food and energy bills, but current SNP policies will leave Scotland at the mercy of world events and dependent on gas for our core source of the energy needed to meet at least 50 per cent. of our electricity needs. I would urge the Minister not to stand by—energy is not a devolved area—as we surely cannot allow dogma and misinformation to impact detrimentally on the people of Scotland.

While I completely agree that Scotland is well endowed with natural resources to generate a large proportion of its electricity from renewables, there are practical problems that affect both security and cost. Research and development are never cheap and require huge capital investment to bring any development to fruition. Carbon capture and storage plants, for instance, are being developed in different countries at present, but that is expensive and on current estimates it will be 2030 before a commercially viable plant is fully operational. Investing

in research and development for renewables is vital, but even if they can deliver the Edinburgh Executive's ambitious target that 50 per cent. of our electricity will come from renewables by 2020, where will the other 50 per cent. come from?

We should not be taken in by the greenwash and saltire swathing of statistics by the SNP. It trumpets the 2006 figures on a lower proportion of nuclear generation as showing a greener Scotland, but it fails to disclose an increase in the use of gas and a reduction in the share from renewables. So a cleaner Scotland it certainly was not in 2006—and that provides a lesson on where I believe the Scottish Nationalists' energy policy will lead us.

Further evidence was borne out in an astonishing piece in a recent Sunday newspaper, when the First Minister claimed that the green revolution would enter a new phase with a return to "Old King Coal". While that might make for benign headlines, perhaps the First Minister is unaware of research showing that levels of radiation are up to six times higher for people living around coal plants than for those living around nuclear plants. Perhaps he is also unaware of the thousands of miners still living in Scotland today who suffer from the effects of working in the pits, and unaware of the heavy price they pay in terms of bronchial, chest and lung diseases. But he must surely know of the vast sums of money that the taxpayer has quite rightly had to pay for the extraction of coal and of the recent warning from the wind generation industry that a funding injection is needed to meet the targets. Our security of supply is now in real danger and the energy prejudice being played out by the SNP in planning policy is not only illogical, but highly dangerous. If the SNP continues to oppose nuclear and our two existing coal plants close in 2016, there will be no alternative but to turn to gas for our core energy supply.

The decision to build a new generation of nuclear plants is, in my view, sensible and necessary and should play a role in meeting our needs for Scotland. The decision to sell British Energy to EDF Energy will, I hope, kick-start new nuclear build as soon as possible, but the First Minister's prejudice could deprive Scotland of the delivery of a low-carbon energy source.

A new reactor on the Hunterston site is supported not only by the work force, but by local communities, which is regrettably more than can be said for a number of renewable developments with which we have had problems. That opposition has set us further back in meeting the challenge we face. Taking the opportunity provided by new nuclear build, with no cost or subsidies to the taxpayer, makes sense and it is vital if we are to avoid dependency on imported gas. The First Minister will not listen to reason—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Member for Glasgow, East (John Mason) of the SNP needs to know that this is an Adjournment debate, not a general debate, so it is really a matter for the Member whose debate this is and the relevant Minister—and nobody else. I understand that the hon. Gentleman is new to the House, but he should bear that in mind.

John Robertson: It makes sense to have the opportunity of new nuclear build with no cost to or subsidies from the taxpayer. If we are to avoid dependency on imported gas, its development is vital. The First Minister will not listen to reason, but will my hon. and learned Friend? Few more important topics face the country at the moment than energy supply. Does he agree that the SNP should not frustrate Scotland's needs by the back door? Does he agree that we need to revisit the issue of planning policy? Would he support an independent body with jurisdiction for all of the UK to advise on energy sources in planning decisions, which have been plagued by prejudice?

Tonight it is also important to express our thanks to those in the nuclear, coal and gas industries in Scotland. In particular, I thank the nuclear workers, not just those in the constituency of my hon. Friend the Member for East Lothian (Anne Moffat), but those at Hunterston who have contributed for almost 40 years and made sure that our core energy levels have been kept high.

The nuclear industry is a soft target for the media and those opposed to nuclear energy. Any problem, however trivial, has been blown out of all proportion and the atmosphere of mystery and fear has been perpetuated. Yet there has not been a single major nuclear emergency in Scotland and the industry has an enviable safety record compared with coal, gas and oil. That safety record is no accident: the regulation and safeguards adopted by the industry, which is more closely monitored, isolate the dangerous radioactive waste from the living environment. Nuclear power contributes only 0.5 per cent. or so to the population's annual exposure to radiation, with 85 per cent. occurring from natural sources and 14 per cent. from medical treatment. Therefore, the First Minister should be ashamed of his constant misleading rhetoric and demonisation of workers in the nuclear industry.

I want to move on from how we will keep the lights on, to press my hon. and learned Friend about another important energy issue: keeping the heating on. I have raised that topic with several Ministers, in several Departments, and in several Sessions. I make no apologies for revisiting it today.

Throughout the country, many people would have switched on their heating on 1 October. But as a Glasgow MP whose constituency has high levels of pensioners and benefit claimants, I know that many of my constituents will face an unacceptable dilemma this winter as they weigh up which essential costs to cut. The rise in food and energy prices means that two core needs are being hit, and that will not come as news to my hon. and learned Friend. From his time in the Department for Work and Pensions he will know that the measure that we use to calculate the state pension increase—the retail prices index—is at its highest level since 1991.

In Scotland the problem is more acute than in the rest of the UK: incomes are lower, but the heating season is longer and more bitter. About a third of homes in the country have no connection to mains gas, and in the multi-storey flats in my constituency I see people with storage heaters, running on the most expensive fuel. I would be the first to admit that the Government have done a lot to prevent people from having to face such unacceptable choices. In my constituency the unemployment rate is down by 4 per cent. and 15,000 people receive payments worth hundreds of pounds a year to help with their heating bills. But we can and must do more.

Back in March, I asked my hon. and learned Friend to work with energy companies to identify the poorest consumers in need of social tariffs. I know that the BT

[John Robertson]

basic scheme for a fixed phone line involves the DWP helping it to identify eligible customers. Therefore, can he tell me what progress has been made on co-ordinating action over energy?

I welcomed the statement by the Secretary of State for Energy and Climate Change last Thursday that he would bring in legislation if energy companies continued to overcharge customers on prepayment meters. But earlier this year Ofgem also found that customers on social tariffs often did not receive the best deal available, so will my hon. and learned Friend undertake to follow the Secretary of State's no-nonsense approach on social tariffs?

When my hon. and learned Friend was in his former post, I also lobbied him for a consolidation of the increase in the winter fuel allowance. I put my support for that on record again. Moreover, I repeat my call for support in relation to winter fuel bills to be extended to other vulnerable groups who receive no extra support in the winter—the unemployed, those on income support, the disabled and those with children.

My hon. and learned Friend may mention the cold weather payment in this context. I will make two points about that payment: it is available to only a small minority of those in fuel poverty, and it kicks in only after seven days of below-freezing temperatures have been forecast.

As my hon. and learned Friend will doubtless know, it does not take a week to die or fall ill in the cold; it takes just one bitter night when someone does not put the heating on. I urge him, in his new Department, to work with colleagues throughout Government to provide more help for people this winter. If he is looking for somewhere to start, I suggest the profits of the energy companies themselves. He cannot miss them: they are huge.

I hope that the link between the two issues that I have raised is clear. Both are key to Scotland and my constituents. We cannot have a new age of irresponsibility that gambles on keeping the lights or the heating on.

10.45 pm

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): I congratulate my hon. Friend the Member for Glasgow, North-West (John Robertson) on securing the ballot. He is right to ask, on Scotland's behalf, whether the Scottish National party will keep the lights on in future decades.

In recent decades, Scotland has been dealt a wonderful hand in energy. North sea oil and gas have boosted its economy, and still have much to contribute. Scotland is rich in potential for renewables such as wind turbines. However, that hand has changed in recent years. Oil and gas are there now, but will decline in the decades to come. Onshore wind turbines will be vital to the achieving of our renewables target. Offshore wind turbines in shallow water have further potential, but some of the shallow areas involve environmental and other issues. Scotland, with United Kingdom Government support, has developed the first deep-water offshore wind farm, the Talisman project, but offshore wind farms in deeper water are more expensive. The technique still needs to be improved if the cost is to be reduced.

In any event, wind requires back-up generation. Given the requirement for steady and consistent electricity supplies at times of peak demand and the fact that wind is by its nature intermittent, there have to be other sources of generation. Onshore wind turbines have potential, but planning is a devolved matter. Unless the SNP wants turbines all over the Scottish landscape, it will limit the number of turbines.

The requirement for that steady and consistent electricity supply must be borne in mind. It is possible to obtain some of it from coal, and, as a Member of Parliament with a working pit in his constituency, I do not need to be reminded of the importance of coal in the context of energy. In the long term, if we can get carbon capture and storage right, coal—as part of a wider energy mix—has the potential to make an enormous contribution. We should therefore work very hard to develop carbon capture and storage, but we cannot pretend—for it is a mere pretence—that coal provides the complete answer. King coal may have been the way forward 100 years ago, but in an era in which we must deal with climate change issues, we cannot claim that it provides the whole answer. It must be seen as only part of a wider energy mix, which means recognising the key role that nuclear generation will have.

Nuclear generation can provide part of the back-up generation that, as I have explained, is necessary, but the SNP has rejected new nuclear power generation. That leaves an emerging gap in Scottish energy provision. In the decades to come Scotland will have to obtain some of its baseload electricity from other sources, perhaps from England and probably from nuclear power stations in England.

That is not a problem in the United Kingdom, because we share energy generation, which is the way it should be. Scotland supplies England with power, and we work together. For an independent Scotland, however, it just does not add up. The First Minister is a bright guy—he is, after all, an energy economist—and he knows that there is a gap in the SNP's energy policy. It is just too tough a decision for him to acknowledge that he must do something about the nuclear case.

John Robertson: My hon. and learned Friend makes a strong argument. May I draw his attention to the knock-on effect on jobs and infrastructure at Hunterston and Torness, and to the billions of investment that could come Scotland's way if it signs up to new nuclear energy?

Mr. O'Brien: My hon. Friend makes a strong point. It is not just the jobs that are enormously important. My hon. Friend the Member for East Lothian (Anne Moffat), who represents Torness, identified the risk that SNP policy poses to Scottish jobs in the nuclear industry at the moment. The rejection of future development of nuclear generation does put jobs at risk—it is very difficult to get away from that. Not only is there an emerging energy gap but jobs are at risk, and substantial investment that could otherwise be made would be denied to Scotland

There is a real gap in SNP energy policy. It is too tough a decision for the First Minister to acknowledge the nuclear case, so he is letting it drift. He will not endorse the case for nuclear but he wants British Energy to keep its offices in Scotland. He opposes new nuclear

build but has extended the life of Hunterston to ensure that jobs and generation continue a bit longer. It is a half-baked policy and we need some change.

Energy policy cannot be allowed to drift. Energy powers our economy, heats our homes and propels our transport. It is essential. Securing the UK's energy supplies as we make the transition to a low carbon economy is one of the greatest challenges that our country faces. As a result, our efforts are focused on three principal issues. First, we must ensure the greatest degree of energy security for the United Kingdom, including Scotland. Secondly, we must address the threat of climate change. Thirdly, we must do all that we can to ensure energy is affordable.

These challenges require tough decisions and effective action. The UK Government is making those decisions and we want to work with the Scottish Executive in delivering on them, but the SNP policy on nuclear is not sustainable. Nuclear can play an important role in giving all of us in the UK a diverse low carbon energy mix and increasing our energy security. To remove nuclear from the mix, as the Scottish Nationalists propose, would seriously threaten our ability to deal with our energy challenges and increase the costs in doing so, including for consumers.

Nuclear accounted for 26 per cent. of electricity generation in Scotland in 2006, the latest year for which figures are available. The position of the SNP inevitably will impact upon the jobs available in Scotland and the massive—approximately £3billion per reactor—investment opportunity that a new nuclear power station brings to an area.

Industry has made clear its interest in investing in new nuclear in the UK. The recent £12.5 billion proposed takeover bid by EDF for British Energy confirms this; that is important for Scotland. The timetable of actions set out in the Nuclear White Paper published earlier this year should allow companies to start building new nuclear power stations in 2013-14 and start operation in 2017-20.

We know we are in a competitive global market for new build. Across the world other countries are also supporting nuclear because it is low carbon and adds to the number of technologies in the energy mix. That is why we have set up the new Office of Nuclear Development and the Nuclear Development Forum. Both will help to facilitate new build, help to maintain the UK as one of the most attractive places in the world to invest and help business take advantage, both here and overseas, of the opportunities new nuclear will bring. I hope therefore that the Scottish Nationalists will reconsider their position on nuclear policy.

On coal, I repeat that I represent a mining constituency and I recognise the importance of coal. Coal carbon emissions are clearly an issue that we cannot duck. But in the long term, coal is potentially an important alternative source of energy if we get the science right. That is why the UK Government are exploring the possibility of overcoming the problems with carbon capture and storage. The UK is leading the way in the search for technological solutions that will make these fossil fuels cleaner. We are supporting the world's first commercial-scale demonstration project for post-combustion carbon capture and storage in a coal-fired plant. This technology has the potential to capture 90 per cent. of carbon emissions and is a crucial tool in the global fight against climate change. However, old king coal cannot be the single answer to the need for back-up generation, but coal should be part of that diverse energy policy to ensure long-term security of supply.

Renewables are important in our energy and climate change strategy. The UK is committed to meeting its share of the EU target for 20 per cent. of renewable energy by 2020 in heat, power and transport. We are making rapid progress, but the 2020 target requires us to go dramatically further and faster. Therefore, the measures we set out in our draft renewable energy strategy published over the summer are aimed at delivering a tenfold increase in the use of renewable energy by 2020.

Scotland is rich in renewable resources, and much of the renewable deployment necessary for achieving the UK's EU targets will be in Scotland. Scottish Ministers have responsibility for the implementation of the renewables obligation in Scotland, our main mechanism for stimulating the growth in renewables. We welcome the Scottish Executive's commitment and work in this area, in particular through their co-operation on the Energy Bill currently before Parliament. We are working to develop a new regulatory regime for offshore electricity transmission to support the development of up to 33 GW of offshore generating capacity. I am delighted to say that today's opening of the Lynn and Inner Dowsing wind farms off the Lincolnshire coast, which I was able to attend, has taken us through the 3 GW barrier for wind generation. It also means that we have now overtaken Denmark to become No.1 in the world for installed offshore wind capacity. My right hon. Friend the Secretary of State for Energy and Climate Change announced that we would be making an amendment to the Energy Bill to allow feed-in tariffs to encourage small-scale electricity generation, in view of the important role that it can play in meeting our renewable targets.

The exploitation of oil and gas is another important issue that is close to Scotland's heart. We want to work with the Scottish Executive to make sure that where we can develop the resources—which are often now much more difficult to access than they were in the past—we can develop a strategy that ensures that Scotland and the whole of the UK can make best use and get the best benefit from what remains of oil and gas in the North sea. It will be there for some time to come. The offshore industry is a global industry that places a premium on stability. The UK's fair and flexible fiscal and licensing regime successfully incentivises the research, innovation and investment that are in Scotland's interests as much as those of the UK as a whole.

In the light of rising fuel bills, we must also protect the vulnerable in our society. High oil prices are impacting disproportionately on the poor, so we must continue to make the eradication of fuel poverty a priority for action. That is why the Government announced last month a new £1 billion package of measures to help families on middle and modest incomes permanently cut their energy bills. Alongside targeted extra help for the vulnerable this winter, and with new funding of £910 million from energy suppliers and electricity generators, this will support the widest programme of energy improvement to British homes since the conversion to North sea gas in the 1960s. Following Ofgem's report on energy supply published earlier this month, we told the representatives of the big six energy companies that we needed to see rapid action.

[Mr. Mike O'Brien]

We believe that the interests of Scotland are best served by being part of a UK-wide energy policy. The Scottish National party knows it has a gap in energy in Scotland in the future. Only as part of the UK can we ensure Scotland has the right energy mix. No one says the lights will go out tomorrow in Scotland—that will not happen—but my case is that the energy gap in the future can be filled by a number of energy sources, including nuclear as part of a wider energy mix. Our policy is based on the principle that a regulated, competitive energy market is the most cost-effective way to deliver secure energy supplies and lower emissions. We need to ensure that devolved energy policy in areas such as Scotland include the promotion of renewables and energy efficiency and a wider energy mix. We recognise the importance of the Scottish Executive—

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at one minute to Eleven o'clock.

House of Commons

Wednesday 22 October 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Cross-border Health Services

1. **Mr. Peter Bone** (Wellingborough) (Con): What discussions he has had with ministerial colleagues on the use made by patients resident in Wales of health services in England. [227707]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): Wales Office Ministers have regular discussions with ministerial colleagues on a range of issues including health matters. The border between England and Wales does not represent a barrier to the provision of health care; rather it illustrates that, although there are distinct elements of the health service in both countries, we are still one nation in our commitment to universal access to health care for all our people.

Mr. Bone: I thank the Minister for his response, but I am afraid I shall have to disagree with it. In Wales, 20 per cent. of patients—one fifth—must wait more than 14 weeks to be admitted to hospital, whereas in England the proportion is only 5 per cent. Why are Welsh patients treated as second-class citizens in the context of the national health service?

Mr. David: With all due respect, that is not the case. Waiting times on both sides of the border have fallen dramatically. Nine out of 10 patients in Wales are seen within four hours in accident and emergency departments, while 90 per cent. fewer in-patients and 99 per cent. fewer out-patients wait more than 22 weeks for appointments than was the case a year ago. In short, the position has improved dramatically, and there is great comparability between Wales and England.

Chris Ruane (Vale of Clwyd) (Lab): Does my hon. Friend agree that his ability, the ability of other British Ministers and, indeed, the ability of Back Benchers to engage in any discussions on cross-border health issues would be dramatically reduced, or even ended, if the Conservatives' proposals for English votes on English issues went ahead?

Mr. David *rose—*

Mr. Speaker: Order. The hon. Gentleman has asked a question that the Minister cannot possibly answer.

Lembit Öpik (Montgomeryshire) (LD): Many of my constituents must travel across the border to obtain health provision. The Welsh Affairs Committee's interim report stressed the need to border-proof that provision. How will the Minister, working with his Assembly colleagues, ensure that we do not have what feels like a second-class service, with different waiting times for Montgomeryshire constituents and English residents? I know that the Minister wants to put an end to that differentiation, but it is real and it is felt by my constituents.

Mr. David: Although the report to which the hon. Gentleman referred is an interim report, it is very well balanced and we look forward to fruitful discussion of it. In a broader context, discussions are taking place about the cross-border control protocol, and I am pleased to say that the recent discussions have been extremely productive. As I am sure he will appreciate, this is a complex matter, but I expect the improved protocol to be finalised before too long, and we hope that it will be implemented by the end of the year.

Mrs. Madeleine Moon (Bridgend) (Lab): I welcome my hon. Friend to his post. I know that, having grown up in my constituency, he has all the abilities and capacities to do an excellent job in his new role.

Is my hon. Friend aware that the NHS in England is carrying an unfair burden in relation to young people in the Parc young offenders' institution? Because the Assembly does not provide an "inreach" child and adolescent mental health service for the prison, those with mental health problems are required to go to England, where the English NHS gives them support. Will my hon. Friend meet me, as a matter of urgency, to help resolve the great injustice that is being done to young people in Wales?

Mr. David: I thank my hon. Friend for her kind remarks. I do indeed come from her constituency.

In general terms, I am aware of the situation that my hon. Friend has described. It is an important issue that requires the attention of both central Government here in London and the Welsh Assembly. I certainly give a commitment to meet my hon. Friend as soon as possible, as a matter of urgency, to discuss her concerns.

David T.C. Davies (Monmouth) (Con): Does the Minister realise that as well as waiting longer for treatment, Welsh patients cannot gain access to important drugs such as Tarceva which are available elsewhere in the United Kingdom? Does that not make a mockery of the national health service, which has become a regional health service under the Welsh Assembly? What does the Minister propose to do about it?

Mr. David: That is completely untrue. Let me emphasise that we do, very much, have a national health service for all our people. Of course I know full well that the hon. Gentleman is against devolution as a matter of principle, but the essence of devolution is allowing the devolved Administrations to respond to specific needs in specific parts of the country, which is what the Welsh Assembly Government have been doing very effectively. That does not mean, however, that we question the integrity of the national health service over the country as a whole. I believe that the two can operate together, as has been the case.

Hywel Williams (Caernarfon) (PC): I, too, welcome the hon. Gentleman to his new post. No doubt he will be very busy, which will keep him out of mischief for a long time.

As a member of the Welsh Affairs Committee, I am sure that the Minister will want to join me in paying tribute to the hard work of the staff who have resolved many of these cross-border questions in the interim report. There will, of course, be a full report in due course. However, does he think it would be wise to open up the can of worms of the health costs to the Welsh Assembly Government and the people of Wales of people retiring from England to north Wales?

Mr. David: I thank the hon. Gentleman for his kind welcome, and I am sure that he is right to say that I will be extremely busy in my post. The issue he touches upon will undoubtedly require my attention. However, I should stress that the health service budget in Wales has increased dramatically over the past few years. That is true, too, for the current budget: the draft budget from the Welsh Assembly Government again proposes an increase that is far in excess of the rate of inflation. I therefore think that there is plenty of scope within that broad expansion of finance to address the issues the hon. Gentleman is concerned about.

Minimum Wage

2. **Mrs. Betty Williams** (Conwy) (Lab): What discussions he has had with the First Minister on increases in the minimum wage. [227708]

The Secretary of State for Wales (Mr. Paul Murphy): I have regular discussions with the First Minister about all aspects of the Welsh economy, including the minimum wage, which is one of the most important employment rights, provided by this Government for all workers, both in Wales and the whole of the UK.

Mrs. Williams: I thank my right hon. Friend for that answer. He will be aware of the importance of tourism in my constituency. Does he share my view that the minimum wage makes a significant contribution to the development of responsible employment in the catering and tourist industries, and does he share my joy that it was this Labour Government who legislated on this matter, for which workers in this country have been fighting for 100 years?

Mr. Murphy: Yes, I do share my hon. Friend's joy about the minimum wage, which, as she says, we introduced. As she also said, it particularly helps those in the tourism and catering industries, which are especially important businesses in her constituency and north Wales in general. Government plans to amend the regulations so that tips can no longer count towards the payment of the minimum wage are especially welcome, and are a credit to the trade unions and newspapers that campaigned for that. That is, of course, very important for those businesses and industries to which my hon. Friend refers.

Jenny Willott (Cardiff, Central) (LD): Increasing the minimum wage alone will do little to help the 11,000 newly unemployed people in Wales from this year, or the poor and elderly households who are struggling with rising food and fuel bills. Given that 12,000 construction jobs have been lost in Wales over the last year, which is more than for any other part of the UK, what measures will the Government put in place to create green jobs to tackle the problems of the loss of construction jobs and increasing fuel poverty in Wales?

Mr. Speaker: Order. Let me gently say again that I am not expecting a statement to be read out. Members are asking supplementary questions, and they should not be read out. *[Interruption.]* Well, it looked to me as if the hon. Lady was reading.

Mr. Murphy: I cannot agree with the hon. Lady that the minimum wage is of no importance. It now stands at £5.73 per hour, and it is important in ensuring that people in Wales get proper wages. She should also bear in mind that, not that long ago, people in the tourist and catering industries, to which my hon. Friend the Member for Conwy (Mrs. Williams) referred, were being paid less than £2 an hour, so the minimum wage is important in our general economy.

2012 Olympics

3. **Dr. Hywel Francis** (Aberavon) (Lab): What discussions he has had with the First Minister on Wales's contribution to the 2012 Olympics. [227709]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): We continue to work with Cabinet colleagues and the Welsh Assembly Government to maximise the potential benefits to Wales of the 2012 Olympic games. We are confident that the overall impact of the Olympic and Paralympic games will be enormously beneficial to Wales. I am also sure that we would all like to extend our congratulations to all the Welsh Olympic and Paralympic athletes on their wonderful success in Beijing.

Dr. Francis: I thank the Minister for his reply. I welcome him to his new post—his promotion is well deserved—and may I say on behalf of the Welsh Affairs Committee that we look forward to working with him? I am sure he will agree that the best way to give a warm Welsh welcome to the London Olympics and Paralympics is to ensure that the physical access and facilities, particularly for competitors with disabilities and spectators with disabilities, are of the highest standard. Will he assure the House that he will raise this important matter of equality with the Welsh Assembly Government, the Minister for the Olympics and all the sporting bodies at the earliest opportunity, as we are about to have evidence sessions on it in the Welsh Affairs Committee?

Mr. David: I thank my hon. Friend for his kind remarks and, indeed, I look forward to working closely with him in his role as Chairman of the Welsh Affairs Committee.

The Welsh Assembly Government are using the pre-games training camps agenda to offer accommodation providers best practice advice on disability access and to raise the profile of accessible transport. The Olympic and Paralympic villages are being designed from the outset as accessible and inclusive communities, complying with both the spirit and intent of all the relevant legislation. That is as far as competitors are concerned, but I can say that the same will also apply to spectators.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): If we want Wales to be taken more seriously as a potential partner in helping to deliver the 2012 project, does the Minister agree that it would help if the Football Association of Wales dropped what looks like insular, narrow-minded opposition to fielding a United Kingdom team at those games, despite FIFA's strong assurances that such a side would pose no threat at all to the independent Welsh national side in European and World cup competitions?

Mr. David: I thank the hon. Gentleman for his question. The Prime Minister is keen for the country to have a football team at the 2012 games, but there is clearly some work to be done to reassure the football associations of Wales, Scotland and Northern Ireland. The hon. Gentleman can rest assured that we will continue our dialogue in a positive way.

Overseas Bank Accounts

4. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What discussions he has had with the First Minister and ministerial colleagues on deposits made by Welsh local authorities in Icelandic bank accounts; and if he will make a statement. [227710]

5. **Andrew Selous** (South-West Bedfordshire) (Con): What discussions he has had with the Chancellor of the Exchequer on risks to holdings by Welsh public institutions in foreign-based banks. [227711]

The Secretary of State for Wales (Mr. Paul Murphy): I have regular discussions with the Chancellor of the Exchequer, not least during the regular meetings of the National Economic Council. I have also had discussions on the issue with the First Minister, the Welsh Assembly's Finance Minister and Local Government Minister and representatives of the Welsh Local Government Association. In addition, my hon. Friend the Under-Secretary of State for Wales attended the meeting last week between the Minister for Local Government, the Economic Secretary to the Treasury and the English and Welsh Local Government Associations to deal with this important matter.

Mr. Llwyd: I thank the right hon. Gentleman for that lengthy and perhaps unenlightening reply. He will realise, as a responsible Secretary of State, that the whole issue is not to be left at the feet of the National Assembly, since the investments were made under Treasury rules with Treasury encouragement, and the liquidity injection is not being "Barnettised". It should therefore be dealt with in this place, and I ask him to fight Wales's corner on this issue.

Mr. Murphy: The hon. Gentleman can rest assured that I shall certainly do that, but it is a matter both for us in the United Kingdom Government—he is right to point out the Treasury's role—and for the Welsh Assembly Government, who are directly responsible for local government finance in Wales. I must tell him that the first issue is that we must try to get the money back from the Icelandic banks. As he knows, intense negotiations for that to happen are taking place.

Of course, if there are financial problems in the nine local councils affected in Wales—there is nothing to say that there are problems at the moment—the Welsh Assembly Government assure me that they will step in to help. The hon. Gentleman should be assured that we are working very closely together on what is an important issue.

As far as the Treasury guidance is concerned, it always stressed the balance between security and breadth of investment on the one hand and ordinary investment on the other.

Andrew Selous: There have been reports that at least three Welsh universities have more than £8 million at risk in Icelandic banks. Given the resource constraints that those universities already have, what impact does the Secretary of State think that this matter will have on higher education in Wales?

Mr. Murphy: I hope that there will be none, and that the negotiations between the Treasury and the Icelandic Government and banks are successful, but of course we await the results of those. As the hon. Gentleman knows, the Bank of England has already given £100 million to the banks in Iceland to try to resolve the issue. The point is not unimportant, but as in the case of local authorities, we are not going to see a collapse of service. In the case of councils, there will not be immediate rises in the council tax for this reason, but we must obviously watch the matter carefully and do our best to get the money back.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Iceland is the 10th most prosperous economy in the world and Wales should follow its example—that was the advice given by nationalist Assembly Member Helen Mary Jones earlier this year. Unfortunately, the nationalists who run my council listened to her and put £15 million into Icelandic banks. Now unsure whether they are going to get the money back, they are having to raid balances for £11 million to deliver Labour's promise on equal pay. What advice has my right hon. Friend got for my constituents in those circumstances?

Mr. Murphy: My advice is that they should vote Labour.

Albert Owen (Ynys Môn) (Lab): Does the Secretary of State agree that local authorities in Wales and across the United Kingdom should make a greater commitment to the people's bank—the Post Office—by making large deposits of their money in it, securing the UK post office network, rather than risking it in the meltdown of the banks, which is the advice for independent small nations that Plaid Cymru wishes to follow?

Mr. Murphy: Yes, I would encourage all Welsh depositors to consider the Post Office as an excellent place in which to place their money.

Mr. Roger Williams (Brecon and Radnorshire) (LD): The Auditor General for Wales has a duty to scrutinise the finances of public bodies. Does the Secretary of State have discussions with him and if so, what specific advice has he given on foreign investments to public bodies?

Mr. Murphy: I have met the Auditor General for Wales, but that was before the issue of the Icelandic banks and local authorities arose. In discussions with

my ministerial colleagues, I will look at the question of advice, but I repeat what I said to the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd): the advice generally from the Treasury and the Assembly is that the investment should be spread, and that security should be balanced with investment.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): On behalf of the official Opposition, I issue a warm welcome to the hon. Member for Caerphilly (Mr. David) in his new role on the Front Bench, and I send our best wishes to the hon. Member for Ogmore (Huw Irranca-Davies) in his new duties.

Given the well-reported increasing risk attached to Icelandic financial institutions, why was no revised advice issued to Welsh public institutions earlier? In the light of the risks posed by further investments in foreign banks, can we be assured that new advice will now be issued regularly that takes these risks into account?

Mr. Murphy: I was told by the Treasury that so far as its advice was concerned, it did not provide a list of individual banks or institutions in recent years and months, and it was up to individual authorities to judge what a prudent investment might or might not be, and of course, there would be professional advisers, as well. However, I repeat what I have said twice already: that that guidance had to be balanced between a breadth of investment and security, and every council has a responsibility so to do.

Mrs. Gillan: I thank the Secretary of State for that answer. In the joint statement from his Department with the Assembly Minister, the Minister said that there would be no immediate impact on services or council tax levels following this debacle, but as local authorities are now switching investment strategies toward low-risk, low-yield funds, their budgets are based on figures that cannot be achieved, and something has to give. When can we expect to see the council tax rise, assets sold or spending cut in Wales?

Mr. Murphy: I obviously hope that none of that occurs, but the issue first, as I said, is to get the money back from Iceland. When that is done, it is for each individual authority in Wales that feels it has a difficulty to approach the Welsh Assembly Government, and then proper advice will be given to it. Of course, as the hon. Lady knows, nine authorities are involved to varying degrees. All of us have been told by the Local Government Association that there is no immediate threat to services or, indeed, to the level of council tax.

Cross-border Transport Links

6. **Mr. Philip Hollobone** (Kettering) (Con): What recent discussions he has had with the Welsh Assembly Government and the Department for Transport on cross-border transport links. [227712]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend the Secretary of State and my predecessor have had regular discussions with the Welsh Assembly Government and UK Government Ministers on cross-border transport links.

Mr. Hollobone: Does the Minister agree that the upgrading of the A494 at Ewloe is essential to link north Wales effectively with the national motorway network? Will he urge the Welsh Assembly Government to prioritise a new scheme to replace the one abandoned in March?

Mr. David: It is important that discussions take place between the Government here in Westminster and the Welsh Assembly Government. Obviously, transport is a devolved matter, but that does not necessarily mean that it is simply the responsibility of the Welsh Assembly Government, full stop. It is important to pick up the point made by my hon. Friend the Member for Vale of Clwyd (Chris Ruane) about ensuring that there is the greatest possible voice here in Westminster, as well as in Cardiff, to secure the best deal for the people in Wales.

Nia Griffith (Llanelli) (Lab): Will my hon. Friend undertake to have discussions with the Welsh Assembly Government and the Department for Transport about extending the concessionary bus pass scheme so that it can be valid cross-border and pensioners in Wales can undertake bus journeys in England using the passes issued to them in Wales?

Mr. David: My hon. Friend makes a good point. When we talk about bus passes, it is important to remember that devolution is a partnership, and it is good to see that England is learning some lessons from what has happened in Wales because of the Welsh Assembly Government. It is early days in the introduction of a bus pass in England for senior citizens, but it is important that we encourage discussions to take place so that the two schemes have complementarity and all our citizens can benefit from the introduction of the schemes in both our countries.

Mark Williams (Ceredigion) (LD): I congratulate the Minister on his new role. Has the issue of train services to mid-Wales been a feature of his early discussions with the Welsh Assembly Government? He will be aware that the programme for an hourly service from Shrewsbury to Aberystwyth is slipping; we were anticipating that it would be in place in December. Will he urgently raise the issue of funding with both Network Rail and the Welsh Assembly Government?

Mr. David: The issue of rail services is important. There is always room for improvement, and we must have ongoing discussions to ensure that improvements take place. It is also important to recognise that meaningful improvements have been made to a number of services within Wales, and between Wales and England. For example, the Arriva Trains service is operating a new timetable involving longer routes and more stations in 2007-08, and it is better than the timetable in any previous year. Although there is room for improvement, significant improvement has been made in Wales.

Mr. David Jones (Clwyd, West) (Con): Further to the question from my hon. Friend the Member for Kettering (Mr. Hollobone), the Minister will be aware that the single consent regime to be introduced in the Planning Bill will not apply to highway projects in Wales. Consequently, there will be lengthy planning inquiries and cross-border routes will take much longer to upgrade.

Can he say why the Welsh Assembly Government declined the opportunity to participate in the single consent regime? Does he agree that it is an enormous missed opportunity for Wales?

Mr. David: The hon. Gentleman has raised an important point, on which discussions have taken place. Those discussions must continue, so I would not jump to his conclusion that delays will be inherent in this regime—we must ensure that that is not the case. We must ensure the greatest co-ordination possible, and I assure him that I shall make it one of my priorities over the next three weeks to ensure that the situation is facilitated as far as is humanly possible.

Small Businesses (Cardiff, North)

7. **Julie Morgan** (Cardiff, North) (Lab): What recent discussions he has had with the Welsh Assembly Government Ministers on helping small businesses in Cardiff, North constituency. [227713]

The Secretary of State for Wales (Mr. Paul Murphy): I have regular discussions with Welsh Assembly Government Ministers on a range of topics. Numerous initiatives are in place in Wales to support small businesses, including in my hon. Friend's constituency.

Julie Morgan: I thank my right hon. Friend for that response. Is he aware that Whitchurch in my constituency is one of the two places chosen by BT to pilot its super-fast broadband system? Does he agree that that will be a huge boost to local small businesses, giving increased access in a more effective way?

Mr. Murphy: Yes, I do, and I welcome that news from my hon. Friend. It is one of only two pilots in the whole of the United Kingdom. On Friday, the Government will launch our digital inclusion action plan, which tries to meet the needs of 17 million people who are not actually connected to the internet. I welcome that announcement and the work of my hon. Friend.

Mark Pritchard (The Wrekin) (Con): The Government say that they want to help small businesses, but many are unable to access Government contracts, so 10-day payment will be irrelevant to them. If the Government are serious about helping small businesses in Wales, the Secretary of State might advise Her Majesty's Revenue and Customs to repay overpayment of corporation tax more quickly.

Mr. Murphy: Certainly, prompt payment is important. I talked this morning to the Minister for Finance and Public Service Delivery in Cardiff, who assures me that all public bodies in Wales will now work towards the aim of paying their bills within 10 days. That includes local authorities and health authorities, as well as other public bodies.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [228603] **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): If he will list his official engagements for Wednesday 22 October.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure that the whole House will wish to join me in sending our profound condolences to the family and friends of Trooper James Munday of the Household Cavalry Regiment, who was killed last week in Helmand province, Afghanistan. We owe him and all those who have lost their lives in conflict a huge debt of gratitude.

I am also sure that the House will wish to join me in sending condolences to the family and friends of Gayle Williams, who was killed by the Taliban in Afghanistan on Monday. She worked for the charity Serve Afghanistan, which offers education and training to people with disabilities. It was a barbaric act by the Taliban against someone devoted to improving the lives of ordinary Afghans. I believe that her family and the House should be extremely proud of the work that she did.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Jim Sheridan: Despite the best efforts of the Government during this economic and financial situation, many of our constituents are still worried about losing their jobs and the impact that that could have on their ability to pay their bills and mortgages, which could lead to them losing their homes. Can my right hon. Friend assure the House that every option will be explored to ensure that any support that we can give these people will be given?

The Prime Minister: I can announce today new guidance—*[Interruption.]* New guidance will be given to the judiciary to halt or adjourn court action on repossessions unless alternative options that help the home owner, including extending the terms of the mortgage, changing the mortgage type and deferring payment, have first been fully examined. We are determined to do everything that we can to help home owners avoid repossessions.

The Governor of the Bank of England said last night that not since the first world war has the international banking system been so close to collapse. I agree with him. Having taken action on the banking system, we must now take action on the global financial recession, which is likely to cause recession in the US, France, Italy, Germany, Japan and—because no country can insulate itself from it—Britain too. That is why we are giving our undivided attention to helping families and businesses—*[Interruption.]* I expect later this afternoon an announcement of an early summit of global leaders, which I shall attend on behalf of Britain.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Trooper James Munday who was killed in Afghanistan last week and to aid worker Gayle Williams who lost her life this week. The Prime Minister was right to pay such a fulsome tribute. Their deaths are a reminder of the sacrifices that our armed forces and humanitarian aid workers are making, not only on our behalf, but on behalf of people in Afghanistan. We pay tribute to their memory.

In the first six months of the year, the Government borrowed more than £37 billion. At the end of a long boom, and just as the downturn is beginning, Britain

has one of the biggest budget deficits in the industrialised world. Does the Prime Minister think that that is a mistake?

The Prime Minister: The right hon. Gentleman said on the radio just a few days ago:

"Borrowing goes up. That's inevitable and you have to allow that to happen."

Unfortunately, he said a few weeks ago that

"we have reached the limits of acceptable…borrowing."

He must make up his mind which side he is on. Let me explain to him that the reason that we can afford to borrow is that we have low national debt. We have lower debt than America, France, Germany, Japan and Italy. It is right, when we are facing global financial problems, for the Government to increase economic activity in the economy by borrowing to do so. Which side is the right hon. Gentleman on—the side of what he said two weeks ago or the side of what he said a week ago?

Mr. Cameron: Of course borrowing goes up in a downturn, but the Prime Minister's problem is that he racked it up to record levels before the downturn began. How can he possibly think that it is right to go into recession with such a high level of debt? Why cannot he just admit for once that he got it wrong? He keeps quoting the national debt figures, but let us look at what that does not include: billions of pounds spent on PFI, Network Rail and pension liabilities, even before we get to Northern Rock and Bradford & Bingley. He could not lecture the banks on borrowing because he was borrowing so much, and he cannot lecture them on transparency because he is hiding so much—*[Interruption.]*

Mr. Speaker: Order. *[Interruption.]* Order. Mr. Touhig, behave yourself.

Mr. Cameron: They do not like being told that they are being governed by a master of dodgy accounting—*[Interruption.]*

Mr. Speaker: Order. Let the Leader of the Opposition speak—*[Interruption.]* Well, without interruption.

Mr. Cameron: Half of the OECD went into the downturn with budget surpluses that they can use to cut taxes for families. Does the Prime Minister really have no regret at all that borrowing is so high just as the recession is beginning?

The Prime Minister: We cut the level of debt in national income. We cut it from the level that we inherited from the Conservative party. Is the right hon. Gentleman really now saying that to finance Network Rail we should close hospitals, we should close schools and we should close down the rest of the transport system? That is the implication of what he says. I repeat to the House that net debt in the UK, on the IMF figures published a few weeks ago, is 38 per cent. In France it is 55 per cent., Germany 56 per cent., Italy 101 per cent., Japan 94 per cent. and the USA higher at 46 per cent. We have the ability to borrow to take ourselves through these difficult times. May I just remind the Leader of the Opposition of what he said only a few days ago:

"People will want to see cross-party support rather than perhaps what we've seen in the US because we have to try and take public opinion with us for difficult decisions that may have to be taken."

One thing one week; another thing the next week.

Mr. Cameron: The Prime Minister knows perfectly well that he has cross-party support for the banking rescue, but he does not have cross-party support for the record debt that he has racked up in this country. As he is fond of quotations, perhaps he will try this one from the Institute for Fiscal Studies, which says that he

"did not leave his successor as Chancellor with the fiscal room to cope with even a modest economic slowdown, let alone the problems we currently face."

For years, the Prime Minister was telling us about the beauties of prudence with a purpose. Now he is telling us about the joys of borrowing without limit. Does that not show how ridiculous he now sounds? Let us have a look at another of his claims, which is particularly relevant on this day when the Governor of the Bank of England says that we are going into recession. Will he finally admit that he has not abolished boom and bust?

The Prime Minister: I have already said that I agree with the Governor of the Bank of England. As for the issues that the right hon. Gentleman raises about debt, is he really saying that we should not have stepped in to save Northern Rock, that we should not have used public money to save Halifax Bank of Scotland and that we should not have used the public money that we have used to save the Royal Bank of Scotland? I believe that he needs to look again at what is happening in the global economy and its effect on every country round the world. If he were to look at what the cause of the problem was, he might be able to have a better idea of what the solution is. Let me remind the House of what he said:

"I always think Leaders of the Opposition have to be…careful not to…talk down the economy. You know there are some…strong fundamentals in the British economy and we should celebrate those and point them out."

That is what he said, but that was a few weeks ago, before what he is saying today.

Mr. Cameron: The Prime Minister asks me to recognise the causes of the problems that we are now in. Well, I can tell him—we are looking at them. Why can he not answer a direct question, just for once in his life? He has said dozens and dozens and dozens of times that he had ended boom and bust and rewritten the laws of the trade cycle. Now, with unemployment rising, growth stalling, repossessions up, businesses closing and the Governor of the Bank of England saying that we face recession, will the Prime Minister finally admit that he did not abolish boom and bust?

The Prime Minister: I have already answered about the Bank of England Governor and what he said. *[Interruption.]* This is a very important issue for the country. People must understand—which the Opposition appear not to—the cause of the problems that we are dealing with. *[Interruption.]* The Opposition like to think that this is a problem created in Britain and in the public sector. Everybody knows apart from the Opposition that this is a global problem that arose in the private sector as a result of irresponsible and undisclosed private

sector lending. It has to be dealt with by recapitalising the banks and ensuring that they are funding small business and home owners.

If the Opposition really are interested in home owners and small businesses, as they say they are, they should be supporting us as we try to get bank lending moving again and to build confidence in the financial system so that it can do the job that it is supposed to do—that is, give flows of money to households and businesses. If they cannot begin to understand the problem, they are going to be a million miles away from the solution.

Mr. Cameron: Anyone listening to this exchange will know that the Prime Minister claimed the credit in the boom, so why will he not take the responsibility in the bust? Let me ask him one more time—it is a simple yes or no. Have you abolished boom and bust, yes or no?

The Prime Minister: We are not returning to the days of 15 per cent. interest rates. People are going to be tested over the next few days on the judgments that they make, and that applies to the Leader of the Opposition and the shadow Chancellor as well. Unfortunately, on Northern Rock, they took the wrong judgment; on deregulating the mortgage market, they took the wrong judgment; on short selling of shares, they took the wrong judgment. The shadow Chancellor proposed a fuel duty escalator balancing mechanism that would have led to our having to increase today the duty on petrol by 3p. That is the judgment of the shadow Chancellor. With or without the Opposition's support, we will continue to do what is right for this country.

Mr. Cameron: Does not the Prime Minister understand this; to the millions of people who have seen the value of their homes fall or their pensions decline, to the thousands of people losing their jobs, to the small businesses that are writing to all of us complaining about 15 per cent. interest rates, this is a bust? Let me ask him just one more time: why not admit, just for once in your life, that you have not ended boom and bust?

The Prime Minister: Is that not interesting—not a single policy idea. The right hon. Gentleman makes not one attempt to come together with all the parties in the interests of the nation, or to put forward a constructive solution to the problems. I fear that the reason why the Opposition cannot put forward constructive solutions is that they do not have a clue about the real problems in the economy.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): Last week, British Gas told one of my constituents that his gas bill would be going up by over 118 per cent., despite his account being in credit. Can my right hon. Friend commit himself to dealing with these outrageous price increases—especially at a time when the price of oil is down to under $70 a barrel?

The Prime Minister: My hon. Friend is absolutely right that now that the price of oil and the price of gas are coming down, we not only expect that to be reflected in petrol prices coming down, but want to see it reflected over time in consumers' gas and electricity bills. In the meantime, we have taken action to ensure that the social tariff is available at a lower rate for low-income families, and of course we have the winter allowance, which is £250 for over-60s and £400 this year for over-80s. My hon. Friend is absolutely right; we will monitor the fall in oil and gas prices, so that people facing gas and electricity bills can get the real benefit.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Let me add my own expressions of sympathy and condolence to the family and friends of Trooper James Munday and aid worker Gayle Williams, who in their very different ways were serving this country and serving the people of Afghanistan.

The public have seen that the Prime Minister delivered his multi-billion pound bail-out package for the bankers only once the banks were on the edge of collapse, so they are now asking themselves how bad it needs to get before he delivers a bail-out package for them. Yesterday we heard the energy companies saying that they will be handing down price cuts next year at the earliest, yet this winter four out of five single pensioners will be living in pensioner poverty, and the measures that he outlined in answer to the earlier question will be too late for them. What will he do now for them, this winter?

The Prime Minister: First, let me correct the right hon. Gentleman. We have been putting liquidity into the banking system for months. We have put £100 billion and more into the banking system to ensure that our banks can continue to be in existence. The recapitalisation of the banks was to strengthen them, so that they could face all sorts of difficulties ahead, and at the same time restart lending. So I have to correct him on that; he is wrong on that issue.

On helping pensioners this winter, the right hon. Gentleman knows, of course, that the pension is more than £30 a week, but let me point out to him that we are helping pensioners this winter by the rise in the winter allowance that will come to people very soon, by the help that we are giving with the social tariff, which also helps many pensioners, by encouraging pensioners to use the direct debit system to keep their bills low, and by all the measures that we are taking on insulation and central heating to give pensioners the best chance of saving energy or saving costs from the use of energy. We are trying to do all these things; I hope that we will have all-party support for them.

Mr. Clegg: I asked the Prime Minister about fuel poverty and he gave me a wholly different answer. The answer shows that this Prime Minister—*[Interruption.]* He is all at sea—*[Interruption.]*—if not in a luxury yacht, like some prominent members of the Opposition. *[Interruption.]*

Mr. Speaker: Order. Please allow the right hon. Gentleman to be heard. *[Interruption.]* Order.

Mr. Clegg: Let me make a specific suggestion about something that the Prime Minister could do now. At the moment, we all pay more for the energy that we use first—our early energy units—and less for the rest. That hits families on low and middle incomes, who use less energy, very hard indeed. Will he commit today to reversing that unfair system—turning it on its head so that those who use less energy pay lower prices? It

makes environmental sense, it makes common sense and it is something that he could do now, to help people this winter. Will he do that—yes or no?

The Prime Minister: I am happy to look at any constructive suggestion that has been put about how we can help people through these difficult winter months. We have also raised the payment that would be paid to people if there should be severe weather during these months. But I think the right hon. Gentleman's protestations about what ought to be done would be better heard if he had not committed his party at his conference to £20 billion-worth of cuts in public expenditure.

Q2. [228604] **Mr. Fabian Hamilton** (Leeds, North-East) (Lab): May I return to the issue of high energy prices? Now that the price of oil has halved, can my right hon. Friend offer any comfort to my Leeds, North-East constituents, who are faced with hugely inflated energy costs, as my colleague, my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) just said? We are told that these prices are linked to the price of oil, but will he take further measures to help pensioners and fuel-poor families, who are faced with these massive increases, when the energy companies were so quick to raise their prices but rather slower to bring them down again?

The Prime Minister: My hon. Friend is absolutely right that as the price of oil and gas comes down there should be the benefit that gas and electricity bills become lower. We took action in September with £1 billion in an energy package. Lower-income households—600,000 people—are benefiting from lower social tariffs, and prices will not rise at all this winter for almost half a million of the most needy households. We will continue to look at what can be done, but what we will not do, whether for petrol or for gas and electricity bills, is to take the advice of the official Opposition, because their fuel duty stabiliser would mean that we would have to increase the tax on petrol by 3p a litre.

Q3. [228605] **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): Will the Prime Minister consider the plight of my 70-year-old constituent who invested in commercial offices to help to provide for his retirement but is unable to let or sell them, with the result that he has to pay business rates of £500 a month out of his total pension of £700 a month? Given the property slump, will the Government consider reinstating empty property relief, especially for people on low incomes such as my constituent?

The Prime Minister: We look at everything that we can do to help, but I should point out that no rates are paid for the first three months for office property, and for the first six months for industrial property.

Lynda Waltho (Stourbridge) (Lab): Men and women alike are concerned about the economy, the future and the welfare of their families. Will my right hon. Friend, whatever the situation, promise the women of this country that he will not stoop so low as to hire a public relations firm to get inside our pretty little heads?

The Prime Minister: While the Opposition are interested in public relations, we are interested in getting the policy right, and we would like to have all-party support.

Q4. [228606] **Andrew George** (St. Ives) (LD): If the Prime Minister really plans to build and spend his way out of the looming recession, will he assure the House that he will ensure that those who have sacrificed the most, such as working families who struggle and pay their taxes—some of which are used to bail out those who have accrued the most, yet often avoid paying theirs—like thousands of families in my area who have no housing or very poor housing, receive reward and support as he builds and spends?

The Prime Minister: Twenty-two million people are receiving a tax cut of £120, which is being paid to them over the next few months. I understand what the hon. Gentleman says about home owners and housing. We will deliver 50,000 homes a year for social rent and increase housing supply in the social sector.

Q5. [228607] **Ms Sally Keeble** (Northampton, North) (Lab): I very much welcome the Government's commitment to continued investment in public services during these difficult times, as is shown by today's announcement of the 100th new NHS hospital. May I ask for Northampton to be 101st on that list with a commitment to a new district general hospital, which is much needed?

The Prime Minister: I am grateful for the chance to welcome the fact that the Government are announcing today the opening of St. Helens hospital, which is the 100th hospital under our 10-year hospital building scheme. We launched the hospital building programme to replace and modernise the NHS. In 1997, half of it dated from before 1948 and was not fit for purpose in a modern NHS. This is the biggest hospital building programme in history, and even if there is opposition from the Conservative party, we are determined to continue to build hospitals and schools.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Will the Prime Minister assist ex-servicemen in prison? According to the National Association of Probation Officers, there are 8,500 ex-servicemen in prison, which represents about 10 per cent. of the entire prison population. Will he speak to his ministerial colleagues in the Ministry of Justice and the Ministry of Defence so that they liaise to determine the extent of the problem and put proper mechanisms in place to deal with returnees from conflict zones before they commit offences?

The Prime Minister: I understand what the hon. Gentleman says, and we are looking at the matter. A National Audit Office report commissioned last year showed that the majority of those who leave the services make a successful return to civilian life, and 94 per cent. find work in six months, but a small minority can face severe difficulties. The Ministry of Defence provides a wide range of support; our package of specialist mental health care is one example. The MOD's prison inreach initiative gives veterans in prison access to a range of support services. We are working together with the Secretary of State for Defence and the Secretary of State for Justice on the issue to get up-to-date, authoritative data and a survey. We will then see what we can do to help people who have helped and served our country; it is our duty to assist them when they are civilians.

Q6. [228608] **Graham Stringer** (Manchester, Blackley) (Lab): MPs of all parties are calling for a fair and unbiased question in the referendum on the congestion charge in Greater Manchester. What we are getting is a partial, biased question that does not even mention the congestion charge. Given the current economic circumstances, would it not be better if the unnecessary congestion charge and the divisive referendum were cancelled, and we brought forward to an earlier date investment in the tram system in Greater Manchester?

The Prime Minister: I know that there are strong views about the issue, but let me just say that the question in the referendum had to be approved legally, and that is what actually happened.

Q7. [228609] **Mr. Alan Reid** (Argyll and Bute) (LD): The Vestas factory just outside Campbeltown that produces towers for wind farms is threatened with closure, which would mean the loss of over 90 jobs. Given that the Government's 2020 renewables targets require a tenfold increase in renewable energy generation, and given the absolutely devastating effect that the loss of all those jobs would have on a small community such as Campbeltown, will the Prime Minister intervene and do all that he can to save the jobs at the Campbeltown factory?

The Prime Minister: I am aware of the case. The factory announced that it would cease production in Machrihanish, near Campbeltown. It was Scotland's only wind turbine tower factory. The company is investing in another plant on the Isle of Wight, but the problem is due to the factory losing money. I understand that the Scottish Administration's Highlands and Islands Enterprise met the company and those who are trying to find other potential occupants of the site. I will endeavour to find out what I can do to help in this instance.

Q8. [228610] **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): While crime has fallen overall, the whole House knows that too many children and young people have fallen victim to gun and knife crime in recent years. Does my right hon. Friend know that evidence indicates that some young people are choosing to carry weapons because the high profile of youth crime leads them to believe that everyone else is doing so? They therefore think that they must carry them for protection. What concrete steps can the Government take to break that spiral of fear in our schools and on our streets?

The Prime Minister: I am grateful to my hon. Friend. She has taken a very big interest in how we can get knife crime off the streets of London, and away from the major hotspots at which knife crime is concentrated. We have undertaken more stops and searches over the summer months. Since July, there have been 77,000 searches, and 2,192 knives have been seized in those areas. Only 2 to 3 per cent. of young people stopped had a weapon, but it is important that we change the culture so that it is wholly unacceptable to carry a knife. We have introduced strong cautions, and we have said that prosecution will result from carrying a knife. We are taking more action on prevention, and are ensuring more education in schools and safer schools. Wands are used and searches are done on young people. We have involved the England football team and others who can influence young people as role models.

I believe that we are talking about not just enforcement, punishment and prevention, but about changing the whole culture, so that it becomes as unacceptable to carry a knife as it is to carry a gun—as unacceptable as bullying now is in schools or as racism is in sport. We should all, on a cross-party basis, support the culture change that so many people who have been affected by knife crime are trying to bring about.

Q9. [228611] **Mr. Adrian Sanders** (Torbay) (LD): For over a decade, the Government have given the people of the south-west warm words about their water charges, which are the highest in the country. Ofwat has just published a prediction of further rises to water and sewerage costs by 2016. Those rises are not only above the inflation rate, but above the average for all water companies. When will the people of the south-west get action, rather than sympathetic words?

The Prime Minister: I have met Members of Parliament from the area to talk about the issues and to see what could be done, but I have to say to them, after 10 years of Labour Government, that the south-west enjoys higher employment, higher standards of living and better public services as a result of a Labour Government.

Mr. Dennis Skinner (Bolsover) (Lab): Will the Prime Minister give us a rock-solid assurance that whatever he does to clear the debts of the nation's finances, he will never, ever, meet a Russian billionaire to try and cadge the money? We will leave that to the sleazy Tory party.

The Prime Minister: This is a very serious matter indeed, and I hope that it is investigated by the authorities.

Q10. [228612] **Mr. Philip Dunne** (Ludlow) (Con): Ten years ago, the Government issued a presumption against the closure of rural schools. Since then, funding has been diverted away from rural areas to urban areas. What action is the Prime Minister going to take to ensure fair funding for rural areas such as Shropshire so that schools such as Lydbury North in my constituency can stay open?

The Prime Minister: I am in favour of more funding for schools around the country and I am in favour of more funding for schools in rural areas, as in urban areas, but I am afraid that the hon. Gentleman must make a prior decision: does he support extra investment in schools and education, as we do, or does he oppose the extra investment, as his own party has done?

Small Businesses

12.31 pm

The Economic Secretary to the Treasury (Ian Pearson): With permission, Mr. Speaker, I shall now make a statement on the latest Government measures to help small businesses. The Government understand that many small firms are having real difficulties as a result of the credit crunch and worldwide economic slowdown. Those companies are critical to our long-term economic success. More than 99 per cent. of UK businesses are small and medium-sized enterprises. They contribute as much as large businesses to UK output, and nearly 60 per cent. of private sector jobs.

We have always made getting the business environment right for SMEs a priority, and since 1997, 1 million more small businesses have been created. UK SMEs employ 1.5 million more people; they are more productive and more innovative, and they survive longer. Most recently, our enterprise strategy set out our renewed vision to make the UK the world's most enterprising economy and the best place to grow and start a business. We increased the small firms loan guarantee lending allocations by 20 per cent. for 2008, boosted enterprise programmes and committed to a new approach that avoids placing unnecessary regulatory burdens on smaller firms.

These tough times have only made us more determined to help SMEs. We need to be practical and innovative; above all, we need to ensure that what we do makes a real difference. We are meeting business organisations and businesses across the country to discuss the problems that they are facing, such as cash flow, access to finance and higher bank charges and costs, and to ensure that their views are reflected in Government action.

Our first priority has been restoring financial stability. Without a strong financial system, small businesses cannot access the credit that they need, home owners struggle with their mortgages, and trade in the high street slows down. But as the impact of the global financial squeeze hits small businesses further, the Government believe that it is not enough for us to focus on financial stability alone. So, building on the measures that we have already brought forward, the Government announced yesterday further action, with immediate effect, to help SMEs through these tougher times.

For SMEs, cash dominates: cash in—prompt payment—and cash out, to their work force, for inputs and to the Revenue. Over the past year, the time that organisations take to pay their bills to suppliers has increased, intensifying the cash-flow pressures of many businesses. The Government are determined to do everything they can to help. The Government will aim to pay their suppliers as soon as possible, and within 10 days at the latest. That will bring forward billions of pounds-worth of payments, on top of the majority of payments already made within 10 days. The regional development agencies, which spend around £750 million annually with suppliers, have also committed to that. Yesterday, my right hon. Friend the Secretary of State for Communities and Local Government wrote to the Local Government Association, and the chief executive of the national health service wrote to NHS trusts, asking those public bodies to review their payment performance and to follow the Government's lead.

I recognise the essential role that the approach of Her Majesty's Revenue and Customs to business tax compliance can play in managing the economic downturn. HMRC already has a policy of flexibility in dealing with struggling businesses, and I know that the Treasury will continue to impress upon it the importance of implementing and publicising that policy in the current climate. We are also working with the Institute of Credit Management and all leading finance and business organisations to promote prompt payment and ensure that businesses have the best advice and guidance on managing cash flow.

The Government's measures of financial support to the banking industry are designed to stabilise UK banks and support the long-term strength of the economy, which helps small businesses. As part of the recapitalisation package, Royal Bank of Scotland, HBOS and Lloyds TSB committed to

"maintain the availability and active marketing of competitively priced lending to SMEs at a level at least equivalent to that of 2007".

Small businesses must know that the banks are open for business. RBS, HBOS and Lloyds TSB make up 50 per cent. of small business lending, but given that they operate in a competitive environment, we can expect other banks to follow suit. The Government will monitor how recapitalised banks are delivering their commitment on SME lending. We will ask the banks how they will achieve that, including the availability of capital and liquidity allocated for small businesses, marketing plans, and their principles for SME lending, from head office to branch level.

We want to see banks taking appropriate risk assessments on SME lending—being responsible but not unduly risk-averse, and not passing on unreasonable costs. The Chancellor and my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform will be meeting all the banks and building societies tomorrow to discuss those issues, and what small businesses can expect from them.

The Government have also been brokering contact between UK banks and the European Investment Bank. The four largest UK banks have now signalled their initial interest in negotiating loans totalling about £1 billion from the EIB to lend to UK SMEs. I hope that we will be able to make rapid progress on that for small businesses.

It is critical at this difficult time that businesses have access to support and advice that helps them to survive now and succeed in the future. Business Link advisers will provide a free health check for every small business, whatever its size, sector or location, and other advice on how to adapt to changing economic conditions and be ready for the economic upturn.

My right hon. Friend the Secretary of State for Innovation, Universities and Skills yesterday announced that small businesses are the focus of £350 million of Government funds to help them get through the tougher economic climate by building the skills and expertise of their workers. The Government are making improvements to Train to Gain that will deliver advice and funding for training, with the minimum bureaucracy and delay. For the first time, training at level 2 will be free for all SME employees regardless of whether they already have qualifications at that level, and there will be free bite-size courses in business-critical areas, including business improvement techniques and customer service, to raise productivity. Management and leadership training will

also be opened up to the smallest employers so that it is now available to employers with five to 250 employees.

Small businesses drive our economy forward, and during this global economic downturn, the Government are determined to give the millions of people who run and work for SMEs the chance to maintain their livelihood and prepare for better times in the future. That is why we have brought forward these measures, and we will continue to do all we can through the work of the National Economic Council to look for and implement solutions that help SMEs. I commend this statement to the House.

Alan Duncan (Rutland and Melton) (Con): The Minister's statement is an unprecedented occasion, representing an unacceptable mixture of farce and contempt. The Department has no one of Cabinet rank in this House, so instead, a Minister has just read out a statement that the real Secretary of State will deliver in another place in three hours' time.

Last week the Leader of the House said that there would be no statement delivered today, but then today's announcements were made first in a Select Committee, then in a press release sent out by the Department yesterday lunchtime, and then in a press conference attended by the Secretary of State and the Prime Minister. If the real Secretary of State says something in the House of Lords that the Minister has not said here, will we be entitled to a further statement tomorrow?

The Government have been slow to cotton on to the fact that the turmoil witnessed over the past few months in financial markets is now causing the deepest imaginable pain for businesses both big and small throughout the country. Is there not a danger that even the most imaginative measures to assist business cash flow will simply be too small and puny to cope with the scale of the fallout caused by a decade of Government mismanagement and financial hubris?

We have been ahead of the Government in sounding the alarm about the debt that has been built up, the taxes that have been raised and the irresponsible financial practices at the heart of Government. We want to see some immediate practical assistance for small businesses, which are having to deal with serious cash-flow problems: prompt payment from central and local government, deferral of VAT, a cut in national insurance, a reduction in corporation tax for small business, and more promotion of the small business rate relief, to which many are entitled but for which not all apply.

Will the Minister therefore confirm that the £350 million that was announced yesterday, and repeated today, to help SMEs train staff is, in fact, just a reheat of old money and a recycling of old schemes? How, indeed, can the Government possibly monitor prompt payment by Government and Government agencies, when they have admitted in a parliamentary answer that they never even record that information?

On what basis can the Minister defend the assertion made by the Secretary of State for Innovation, Universities and Skills on the "Today" programme, and repeated today, that bank lending will continue at 2007 levels? How will the Minister measure that? Is it not the case that all over the country, contrary to the Government's assertions, overdraft facilities are being viciously called in by the banks, to the severe detriment of thousands of businesses? Is it not blatantly evident that banks are not continuing to lend as the Government say they are and must, but are in fact pulling the rug from under many perfectly good firms?

To whom can business turn for a reprieve, when a bank declares that it will withdraw an overdraft facility or suddenly call in guarantees? What is the Minister's estimate of the number of businesses that will go to the wall in the coming year? Does he agree with some independent economic experts that unemployment will shoot through the 3 million mark by the end of next year? Is it not the case that although the base rate is falling, actual borrowing costs are rising through 15 per cent.?

The Minister mentioned the small firms loan guarantee scheme, but what plans do the Government have to extend this very narrow scheme to help businesses more widely? How, indeed, can they claim that regional development agencies will make a difference when the Government have just raided their budget to prop up the housing market?

Does the Minister share my analysis that there is growing anger that a Prime Minister who has spent the last years declaring that he has abolished boom and bust, while in fact storing up all the trouble that is now hitting us hard, is massively to blame for mortgaging this country just as bankers have mortgaged their banks? While demanding praise for building what he has not yet even paid for, he has delivered only the illusion of prosperity, behind which will now follow massive bills for future generations to pay. Having built the country on a mountain of debt, the Labour Government are now as bankrupt as the economy that they have created. Does that not prove the abiding truth of post-war British politics—that Labour Governments always run out of money?

Ian Pearson: I start by thanking the hon. Gentleman for his courteous welcome to me at the Dispatch Box.

What we are doing as a Government is concentrating on the real work of helping small businesses through difficult economic times. I would have liked to think that he would welcome the package of measures that we are announcing today. He mentioned small business rate relief, so may I remind him that the Opposition voted against the Bill introducing it?

Let me address the questions that the hon. Gentleman posed, first about the £350 million announced by the Department for Innovation, Universities and Skills. That focuses on SMEs as a top priority and relaxes the rules on spending on training to gain. I should have thought that that would be widely welcomed at a time when companies are thinking about shedding staff and about whether to move to short-time working. I should have thought that the ability to say, "You can work four days a week and you can train for one, so you will have additional skills", would be warmly welcomed during these difficult economic times. I am surprised that the Opposition do not seem to accept that.

On the subject of prompt payment, the hon. Gentleman should be aware that Government Departments report annually on their progress in meeting payment targets. Yes, it is an ambitious target that Departments pay within 10 days—although I think that the majority of

[Ian Pearson]

payments are already made within 10 days. If we can get this right, it could be a big boost to help small companies, but we are paying with taxpayers' money and we need to make sure, when we are safeguarding the public purse, that the goods and services have been delivered and the invoice is right. We will then do everything we can to ensure that it is paid within 10 days.

Let me repeat the point about bank lending. We are not saying that there should be lending at 2007 levels; we are saying that the availability of that funding should be at 2007 levels, and that we expect banks to market actively and to offer competitively priced products to the SME sector.

There is clearly an issue in relation to rates. There is a great deal of anecdotal evidence out there suggesting that some banks are starting to look again at their lending practices and are insisting on higher margins. Although we cannot interfere in individual lending decisions and it would be wrong to do so, it is right that we should expect banks to be clear about their lending principles. That will be one of the subjects for discussion when my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform and the Chancellor meet the banks tomorrow.

There was an accusation from the Opposition that we have been too slow in taking action. In March we announced that we would increase the small firms loan guarantee scheme by 20 per cent., because we understood that companies were going through difficult times and would need extra support. We are making such decisions. I heard the hon. Member for Rutland and Melton (Alan Duncan) argue last night in the debate that there should be lower spending. I do not see how, in our current difficult economic times, low spending will help the SMEs that he professes to want to support. That is bad economics, and he should be ashamed of himself.

Mr. David Clelland (Tyne Bridge) (Lab): The Chancellor of the Exchequer is considering bringing forward capital works in order to stimulate the economy in the face of the economic downturn. Is the Minister aware that improvements to the major road network and local rail services in the north-east, which are currently outside the scope of regional funding allocations, would be of major benefit to small businesses in the north-east, which have been calling for such improvements for some time? Will my hon. Friend draw to the attention of the Chancellor of the Exchequer the opportunity that the proposal presents for helping small businesses in the north-east of England?

Ian Pearson: My hon. Friend is right to point out that a number of worthwhile infrastructure projects could be brought forward to provide strong economic benefits while at the same time helping small businesses during difficult economic times. We are actively looking at such possibilities. Our policy contrasts very sharply indeed with that of Conservative Members, who do not want to borrow, think we are wrong and think we should be spending less. That would damage our economy, so it is not the right or responsible thing to do.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I am grateful to the Minister for having sent me a copy of his statement in advance—although there is not much new in it. The hon. Gentleman is right to draw attention to the importance of small businesses, which are the bedrock of commerce in many parts of the country and vital for our long-term economic growth. The key issue facing small businesses is cash flow and, more particularly, the availability of bank finance. Will he explain how the Government will ensure that the banks negotiating for refinancing will actually deliver on the sentiment? The sentiment in favour of maintaining availability is fine and laudable, but how will the Government ensure that that is what happens? May I suggest that a memorandum of understanding be agreed between the Government and the banks, which specifically deals with the question of rates, fees and availability? That should be agreed in principle in advance.

On payments to small companies, I welcome the move to oblige public sector bodies to pay up quickly, and within 10 days, if possible. Again, however, how will the Minister ensure that that actually happens, given that most of those bodies have computerised payment systems that operate on a monthly basis?

How will the Minister ensure that HMRC will be more flexible, particularly when the work force change programme is taking 10,000 skilled people out of HMRC and replacing them with a call centre operation? And what can he do to ensure that private companies, too, pay more quickly? Will he talk to the CBI about how it could talk to its members about that?

The Minister mentioned the small firms loan guarantee scheme. Is he aware that its annual report, published in August this year, noted a further decline in the number of loans given—notwithstanding the new money. Total loans now stand at £270 million, but default rates are about 13 per cent., and the biggest complaint from small businesses is about the administrative burden of getting into the scheme. The best way to make that scheme work is to improve the administration, so what action is the Minister taking to get the administration right?

Ian Pearson: I thank the hon. Gentleman for his comments, particularly his welcome for the Government's attempt to ensure prompt payments. Yes, there are administrative difficulties in carrying out some of these measures, but there is a clear commitment from the top to do that. We need to ensure that the system continues to deliver. As I said, a significant majority of payments are already being made within 10 days, but we need to consider how to raise that performance; it is a question of managing for better performance. Yes, we also want to encourage large private companies to pay their suppliers more promptly, and I have no doubt that we will want to discuss the matter with them.

The hon. Gentleman asked about HMRC. We have said that we want it to look into how it can operate more flexibly during these difficult economic times, and I have no reason to believe other than that it will want to do just that.

The hon. Gentleman also asked about another matter that I mentioned in my statement—about how we can reach agreements with the individual banks that are taking advantage of the recapitalisation fund to ensure that they continue to lend to small businesses. We do want to monitor that closely; we will be in discussion with the banks about it and we have been very clear that we want them to continue marketing actively. We want to talk to them about ensuring that they make competitive

rates available. As I said, it is not for the Government to make individual lending decisions, but we need to understand the principles by which they operate. That is the right thing to do.

Lastly, the hon. Gentleman mentioned the small firms loan guarantee scheme. We always want to see whether we can make that administratively simpler, so I shall take his comments into account. We also want to ensure that the scheme is actively marketed to SMEs by the banks, which have not always done as much as they should have. I hope that we will see significant change over the coming months.

Mr. David Hamilton (Midlothian) (Lab): On Monday, I met the chamber of commerce chief executive, who is also chief executive of the enterprise trust, and it became apparent to us that although we wanted to achieve things through HMRC, and, indeed, the Treasury, it is the Scottish Administration who have the power. Will the Minister agree to meet me, and a number of other Scottish MPs, to discuss how we can overcome that problem, because it is imperative that the changes are implemented in Scotland as quickly as possible?

Ian Pearson: As the House will be aware, enterprise policy is a devolved matter, so today's statement applies only to England. However, I would be happy to meet my hon. Friend to discuss these issues further, because supporting small businesses is important to this Government, wherever those small businesses are located.

Peter Luff (Mid-Worcestershire) (Con): I intend no criticism of the Minister, who is an able and decent man, when I say that he has said nothing to this House today that his noble Friend the Secretary of State did not tell the Select Committee that I chair at yesterday's sitting. That raises important questions about the accountability of the Department for Business, Enterprise and Regulatory Reform to this House, but those are questions for another day.

Let me press the Minister on one issue that we also raised with the Secretary of State yesterday—the question of business rates, particularly void rates. Small businesses face a huge burden when they cannot let property in the current commercial downturn. That urgently needs to be relieved, and the Government should also drop their plans for business rate supplements, which pose another huge challenge to the cash flow and finances of businesses in very difficult times.

Ian Pearson: I acknowledge the hon. Gentleman's points. As Chair of the Select Committee on Business, Enterprise and Regulatory Reform, he speaks with considerable experience. I believe that the package is an important one, which will be welcomed by business because it offers practical measures that will make a difference, but it should not be seen as the last word on Government support. It builds on the already impressive programme of business support that we, as a Government, have provided. Over the coming months, we will be looking to see what more we can do to help businesses through these very difficult economic times.

Mr. Eddie McGrady (South Down) (SDLP): I welcome the Minister's statement and his commitment to SMEs, on which the economy and community of Northern Ireland are very dependent. On the policy of flexibility for HMRC, will he give further indication of what that means, so that we can interpret it on the ground and help our constituents to avail themselves of that opportunity?

I endorse the point in the previous question about the rates on vacant properties. Apart from the spectre of vacancies, we now have genuine vacancies brought about by the economic recession. As the Minister is probably aware, transport, gas and electricity costs in Northern Ireland are far above the UK average, so will he provide some help through equalisation or rationalisation?

Lastly, I would like to ask the Minister, even though he has no jurisdiction in the matter, whether he is aware that the failure of the Executive to meet in Northern Ireland has frustrated the issue of Government contracts for public utilities and public works, so could either he, if he has personal knowledge, or, if not, his right hon. Friend the Prime Minister, encourage the Executive—

Mr. Speaker: Order. I am always interested to hear the hon. Gentleman's questions, and I am, as he knows, very fond of Northern Ireland. Perhaps one day, however, I will get just one supplementary question from him.

Ian Pearson: My hon. Friend raises a number of points, most of which are the responsibility of the Northern Ireland Administration and their Department of Enterprise, Trade and Investment. I cannot reply to those questions, but in response to his question about his desire for HMRC to show more flexibility, I can be pretty clear. We do not want HMRC to be first in the queue to put companies into bankruptcy in order to get their money. We want it to be flexible, to recognise companies that are in difficulty and to discuss issues with them on a case-by-case basis—and I hope that that is what HMRC will do.

Mr. Brian Binley (Northampton, South) (Con): The Minister says that the Government are keen to do all that they can to help small business, yet this year they are increasing capital gains tax by £300 million and small business corporation tax by £370 million, and charging £900 million on empty properties. Will the Minister now tell us that those increases will not be implemented and that he will change the rating arrangements to provide relief—or are his words fine, but not very meaningful?

Ian Pearson: What I can tell the hon. Gentleman is that, in my view, the measures we have announced can help to make a real difference and are attuned to the difficult times that we face. I am sure he will welcome the entrepreneurs' relief on the first £1 million of capital gains, and also the effective tax rate of 17.2 per cent. on a £10 million capital gain. I do not think that 17.2 per cent. on a £10 million capital gain is an unreasonable price to pay.

Paddy Tipping (Sherwood) (Lab): Small businesses are vital to the health of the rural economy. Will the Minister continue to work to ensure that high-quality broadband services are available even in the least populated areas?

Ian Pearson: My hon. Friend is a doughty champion of rural areas, and he is right to raise the issue of broadband connectivity. We want to ensure that broadband is available in rural as well as in urban areas, and we have been very good at achieving the targets that we

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have set for broadband access, but there is more that we can do. I should be more than happy to discuss the issues with my hon. Friend, and also to put him in touch with Lord Carter, who has direct responsibility for them.

Adam Price (Carmarthen, East and Dinefwr) (PC): The Minister says that he expects the rest of the banking sector to follow the lead of the recapitalised banks—HBOS and the rest—in reopening lines of credit. I wish that I shared his faith in market mechanisms after all that has happened over the past few weeks. Surely a better approach would be to insist that all banks—not just those that participated in the recapitalisation scheme, but those that availed themselves of the £250 billion of Government guarantee for new debt—agreed to lend responsibly to small businesses.

Ian Pearson: We all want to see responsible lending, but, as I said earlier, the banks that have taken advantage of the recapitalisation currently constitute more than 50 per cent. of the market. There is still a competitive market out there when it comes to loan finance, and our priority must be to ensure that competitive products are available to SMEs.

I do not share the hon. Gentleman's fear that banks that do not take advantage of the recapitalisation scheme will still not want to lend to good SMEs. What we must do is ensure that the many excellent companies that we have in the United Kingdom still have access to finance when they require it, on reasonable and acceptable terms, so that they can invest for the future.

Harry Cohen (Leyton and Wanstead) (Lab): The Prime Minister has said that, at the European summit, he put pressure on the European Investment Bank to release millions of pounds for small businesses in this country. How will that money filter through to small businesses in, for example, Leyton and Wanstead?

Ian Pearson: As I said earlier, the banks have expressed an initial interest in making £1 billion available to small and medium-sized businesses through the European Investment Bank. That has not yet been completely sorted out, but it is potentially a significant package which, if we can get it right, will benefit companies in areas all over the country, including my hon. Friend's constituency.

Mr. Gregory Campbell (East Londonderry) (DUP): The Minister has outlined a number of measures which we hope will go some small way towards assisting small businesses, although we must wait to assess their efficacy. He said that banks should not pass on unreasonable costs. Given the recapitalisation that was mentioned a few moments ago, what steps will the Government take to ensure that small businesses do not face the unreasonably high costs that have faced them heretofore?

Ian Pearson: I also said earlier that conditions had been applied to the banks involved in the recapitalisation scheme in regard to lending to small businesses, and also in regard to the provision of mortgages. We will continue to engage in a dialogue with the banks and monitor their actions, to ensure that companies are given fair access to loans at competitive prices.

Nigel Griffiths (Edinburgh, South) (Lab): Will my hon. Friend avoid returning to the woeful Conservative record on small businesses, which experienced a doubling of VAT, the imposition of a tax of more than 30 per cent., and a 25 per cent. interest rate which crippled them? Will he also ensure that the banks' stampede to withdraw credit facilities and claw back their loans is halted, that the process is properly monitored, and that, at the appropriate time, the effectiveness of that action is reported to the House?

Ian Pearson: My hon. Friend is right to point out that the Opposition have form in this regard. The fact that they have wanted greater financial deregulation, the fact that they did not support us on Northern Rock and Bradford & Bingley, and the fact that they seem to have completely lost faith with the City of London give great cause for concern about whether they are acting as a responsible Opposition.

As I said earlier, during this difficult economic time we want to ensure that banks lend responsibly, but also to ensure that they do not profiteer and try to restore their balance sheets at the expense of good British businesses. That is something that not just the Government but, I am sure, the whole business community will want to watch very closely.

Mr. John Baron (Billericay) (Con): May I return the Minister to the issue of small business rate relief? Many businesses across south Essex are eligible for the relief, but do not access it because of the paperwork and bureaucracy involved. Why will the Government not make it automatic?

Ian Pearson: I understand that there is a two-page form for the claiming of small business rate relief, and that it needs to be filled up only once every five years. It has been suggested that it might be possible to automate the relief, and we will consider that possibility, but I do not think it is as difficult to apply for it at present as the hon. Gentleman seems to suggest.

Anne Snelgrove (South Swindon) (Lab): Last year, Swindon and Bristol jointly topped the league for the biggest growth in the number of small businesses. I welcome the announcement of practical measures to help our SMEs in the south-west, but what can my hon. Friend do to encourage more local councils to put business their way, and to persuade councils to follow central Government's lead in respect of payment within 10 days?

Ian Pearson: My hon. Friend has made some good points. We certainly want to encourage local authorities to pay promptly, and a number of them already do. During these difficult times, however, we should consider how we can use public money most effectively to support our small businesses. As my hon. Friend says, Swindon and Bristol contain many very successful small businesses, and over the years I have visited a number of them.

Mr. Rob Wilson (Reading, East) (Con): I, too, congratulate the Minister on his new post. Does he agree that SMEs need proper and detailed macro-economic

as well as micro-economic information? Will he confirm two facts: first, that we are now entering a recession, and secondly that we have not seen an end to boom and bust in the economic cycle?

Ian Pearson: I thank the hon. Gentleman for his opening remarks. As somebody who used to run a small business, I always wanted to understand the global competitive environment, so what he says about SMEs is right. The Government do not make it their practice to provide a running commentary on the state of the economy, but, as the hon. Gentleman is aware, Government forecasts will be updated in the pre-Budget report.

Mr. David Kidney (Stafford) (Lab): The Government cannot make banks lend money to small businesses under the small firms loan guarantee, but given worrying reports of banks refusing to take any part in the scheme at the present time, can the Economic Secretary, at least for the duration of this serious global economic downturn, make the word "guarantee" refer to access to capital for those small businesses that need it?

Ian Pearson: It is important that we have a properly effective small firms loan guarantee scheme that is actively marketed. The Government will want to make sure of that, so I hope I can give my hon. Friend the assurance he seeks.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): It is all too timely that we are recognising the real consequences for real people of this recession, with the news yesterday of the proposed closure of a paper mill in Inverurie, with the loss of 400 jobs. The recession will, therefore, hurt real people in the economy. To return to the Economic Secretary's announcement about the HMRC and its policy to adopt an understanding approach to business and the collection of tax, I understand that it is also under an incentive to maximise its revenue collection. Will the Minister therefore place in the Library the revised guidance that will go out to the HMRC putting into effect what he has announced in his statement?

Ian Pearson: I cannot guarantee to do that at this point in time, but let me take that request away and see whether it is possible to do so. The redundancies in the hon. Gentleman's constituency are regrettable, and they reinforce that we are facing difficult times and that we need a Government who are active and decisive in taking practical measures that will help businesses.

Alison Seabeck (Plymouth, Devonport) (Lab): I welcome the package my hon. Friend has announced, but he will be aware that many small businesses have earmarked for their January 2009 tax bill money that is currently invested in Icelandic banks. While they may get some of that money back under the guarantee scheme, that could take months. Is there any scope for the HMRC to defer payments in the same way as happened when the foot and mouth crisis hit us?

Ian Pearson: The situation involving the Icelandic banks is complicated, and people's circumstances depend on whether they are creditors in an Icelandic branch that is regulated by the Icelandic authorities or in a subsidiary of an Icelandic bank that is regulated through the Financial Services Authority. I hope that we can make very quick progress in the administration of the Icelandic banks' subsidiaries in the United Kingdom. We have also been strongly pressing the Icelandic authorities for a quick and fair administration in Iceland, so I hope we can give companies with investments in those banks some early reassurance—although I do not know the scale of the problem. We will continue to do all that we can to press the Icelandic authorities to ensure that the UK creditors are treated fairly.

Anne Main (St. Albans) (Con): For about eight to 10 days now, I have been asking the Government one simple question, and I would like to give them another bite at the cherry. Last Monday, I said there was concern among small businesses about the £300 million raid on their funding through the regional development agencies. On Monday, I was told by an official that it was a difficult decision, taken with reluctance, and that the Prime Minister and other Ministers had been involved in it. I would like to know what evaluation was made of the impact of that decision on small businesses. I asked on Monday, and got no answer. Yesterday, I asked the Minister of State, Department for Business, Enterprise and Regulatory Reform, the hon. Member for Wolverhampton, South-East (Mr. McFadden)—he is sitting next to the Economic Secretary now—and got no answer, and in my speech I requested an answer but got none, and nor was there any mention of it whatever in the summing up. I give the Economic Secretary another bite at the cherry: what evaluation was made of the impact on small businesses?

Ian Pearson: RDAs are important economic agents in their regional and local economies, and it is right that the Government provide support to them. Of course, decisions will from time to time be taken on different matters when there are changing priorities—and I would like to think that the hon. Lady would have welcomed the housing package we announced on 2 September this year.

Mr. Adrian Sanders (Torbay) (LD): The Government are right to focus on cash flow and improving credit, but what more can be done to help local authorities as, at the end of the day, it is they who are asked to give an—often discretionary—concession to small businesses, and they frequently say they do not have the funds to do that?

Ian Pearson: The hon. Gentleman is right that cash flow is one of the first priorities for businesses during economic downturns. That is why the Government have taken the action we have taken and why getting in good, top-quality business advice is crucial. Many big businesses have a range of support available to them, but small companies often feel left on their own, and we as a Government want to say very clearly that we are on their side, and, in turn, we are providing practical advice and support to them. I believe that responsible local authorities also want to do that. Local authorities are independent in these matters, but I want to encourage them to work with Business Link and to ensure that we have a co-ordinated programme of support in local areas, as that is important.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Economic Secretary agree that sub-post offices are among the most important family-run businesses in both urban and rural areas? Does he also agree that as

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many of our constituents are currently moving money into safe post office and national savings accounts, now is not the time to scrap the Post Office card account, and will he give a guarantee today that it will remain in place?

Ian Pearson: That matter, which is clearly one for the Department for Work and Pensions, does not relate to the statement before the House. However, in answer to the hon. Gentleman, there are many small businesses in his constituency and the region that are the backbone of that local economy. It is right that this package of support is being made available to them. I hope he will welcome it, and I also hope he will appreciate that if his Front-Bench colleagues got their way and cut lending, it would not be possible to introduce such packages and small businesses in his constituency would be unable to get the support to which I think they are entitled.

Several hon. Members *rose—*

Mr. Speaker: Order. We must move on.

Point of Order

1.17 pm

Paul Flynn (Newport, West) (Lab): On a point of order, Mr. Speaker. May I raise a matter of the greatest importance affecting your role as the defender of the interests of Members of Parliament? A decision has been taken and, sadly, Members have been denied an opportunity to comment on it. It was a decision to give an indemnity to an American company against future accidents that could cost the taxpayers multi-billion pound amounts. Information was given only to the Chairs of two Select Committees, while the minute informing Members arrived at the House only last week, 75 days after the date that was laid down for us to comment on it. That means there is no opportunity for us to comment on what appears to be a reversal of Government policy in subsidising the nuclear industry. It is a matter of great importance, which could lead in future to a very big bill for taxpayers.

Mr. Speaker: What the hon. Gentleman raises is not a matter for me, but I understand his concern. It sounds to me like a good subject for an Adjournment debate, and I am quite sure he would be more than capable of informing the House of his concerns if such a debate were granted by Mr. Speaker.

Health and Safety (Education and Training)

1.18 pm

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I beg to move,

That leave be given to bring in a Bill to make requirements about the integration of health and safety issues in education and vocational training; and for connected purposes.

Accidents at work destroy lives and cost money. Many, although not all, can be prevented. No amount of regulation or training can wholly eliminate human risk or error, but it is right that dangerous practices should be regulated. The principal focus of this Bill is to change mindsets, so that by the time young people reach employment they already have an understanding of the principles and practice of good health and safety. Correspondingly, the purpose of the Bill is to reduce the human, economic and social toll that results from poor management of health and safety risks, through effective education and training. It would achieve that by embedding health and safety into national vocational and professional curricula and helping to provide the skills needed to keep people well and to create and sustain a modern and competitive work force.

Before I talk about the measures in the Bill, it is important to put it in context. Some 247 people were killed at work last year and 274,000 seriously injured. Some 2.2 million suffered an illness that they attributed to work. In addition, it is estimated that up to 1,000 people a year are killed in work-related road accidents and that thousands more die from occupational cancers. That is a particular concern in Knowsley, which is represented by myself and my hon. Friend the Member for Knowsley, South (Mr. O'Hara), who is in his place.

In the past decade in Britain, 64 under-19s were killed at work, nearly 15,000 suffered major injuries and more than 50,000 other teenagers were hurt by their work. It has been estimated that the cost to society of workplace accidents and work-related ill health is up to £31.8 billion a year.

Reducing the number of needlessly lost and devastated lives must be a priority. We are fortunate that there is also a strong economic rationale for doing that. The Health and Safety Executive estimates that the cost to society of workplace accidents and work-related ill health ranges between £20 billion and £31.8 billion per annum. The total cost to individuals is estimated at between £10.1 billion and £14.7 billion a year, and the cost to employers at between £3.9 billion and £7.8 billion a year. A reduction in accidents will lead to reduced costs to employers, through less staff absence, and fewer disruptions in work flow.

The Bill provides the scope to build on the foundations already laid in schools, so that workplaces provide adequate training for all levels of the work force. Those in crucial vocational and professional roles such as architects, planners, designers, engineers, managers, doctors and teachers need to understand the essentials of health and safety so that core principles can be designed into buildings and new ventures rather than imposed after the fact.

There is a straightforward way to ensure that standards are raised consistently across the board. We need to embed relevant health and safety understanding as an integral element of all curricula. Clearly, that needs to be tailored to different ages and levels of expertise, but it makes sense to begin at an early age by tackling health and safety in schools before students start their work experience.

The Department of Health's national director for health and work, Dame Carol Black, has rightly pointed out that future generations will have higher expectations, stating:

"Healthy workplaces need to become the expected norm...schools, further education and higher education have a role in embedding these expectations into the next generation."

The good news is that much work has already been done. The Institution of Occupational Safety and Health, which I should thank for providing a good deal of briefing material for the Bill, has worked with the HSE, teachers and young people themselves to produce the workplace hazard awareness course, or WHAC. It is a free resource for teachers that emphasises the need to take a balanced approach. Additionally, it is important that managers understand their responsibilities, including how to supervise young people properly, and that people vetting work placements are suitably trained in health and safety.

A number of things could be done to ensure a safe start in work. First, teacher training should equip new teachers to deliver a short course on health and safety so that students are properly prepared for their first work experience. There is also a need for professional development to help existing teachers achieve similar objectives. Secondly, we need to teach health and safety in the classroom before young people start work experience. WHAC, produced by the IOSH and the HSE, should be delivered as part of work experience preparation and could lead to a level 3 entry qualification.

Thirdly, work placements should be organised in suitable environments. That means that people with the right health and safety knowledge must check that employers and workplaces are suitable. Training that meets national standards would help to achieve consistency and should be applied by schools, colleges and local authorities. That could be achieved more easily if bodies that award Government funding to work placement organisers required suitably trained placement officers.

Fourthly, employer vetting and workplace supervision need to improve. The HSE and the Learning and Skills Council have improved the guidance to those involved in educating, training and employing young people.

Fifthly, accidents need to be properly reported so that lessons are learned. There is a general problem of accidents being under-reported both at work and in education. Schools and colleges running vocational training on their premises are currently required only to report incidents in which students are killed or taken to hospital, as they are classed as members of the public. I ask the Government to consider tightening up the reporting requirements for students in colleges and schools.

Sixthly, health and safety needs to be a priority. The Government should signal the importance of health and safety when setting their strategic priorities for education, training and skills. There is an opportunity for the Government to show leadership on the matter.

[Mr. George Howarth]

For example, in England the health and safety of young people on Government-funded programmes could be noted as a key priority in the next LSC grant letter, which is due in November.

I welcome the Government's new Education and Skills Bill. Its drive to improve the skills of the UK's work force is a welcome opportunity to integrate core health and safety principles into the training and education system. Health and safety should be seen as a key component of modern apprenticeships and new diplomas. It should also routinely be part of the disciplines of business and management qualifications, just as they currently cover marketing, finance and human resources. Such work is already being carried out by the inter-institutional group on health, safety and risk, to ensure that adequate health and safety knowledge is provided to engineering undergraduates. One such programme is being trialled at the university of Liverpool. All of that amounts to a welcome step forward, but more needs to be done so that business schools and universities systematically include health and safety in vocational disciplines, especially MBA programmes. Health and safety at work should also be fully incorporated into the new qualifications and credit framework.

Finally, it is worth remembering that evidence shows that people new to workplaces are at a greater relative risk of work-related injury. Rhys Davies and Paul Jones of the Warwick Institute for Employment Research estimate:

"Those with current employment tenure of less than one month are almost 400 per cent. more likely to have a workplace injury than those with 20 years or more experience in their current job."

Their research showed clearly that the risks are greatest in the first four months of a new job, which also has implications for those working on short-term or agency contracts.

The Bill would create an opportunity to prepare young people so that when they begin their working lives, they are better able to handle the risks that face them. In time, that change in mindset will reduce unnecessary risk.

Question put and agreed to.

Bill ordered to be brought in by Mr. George Howarth, Mr. Tim Boswell, Mr. Terry Rooney, Mr. Edward O'Hara, Mr. Michael Clapham, Paul Rowen, Harry Cohen, Bob Russell, Mr. Mike Hancock, Mr. Elfyn Llwyd, Mr. Peter Kilfoyle and Joan Ryan.

Health and Safety (Education and Training)

Mr. George Howarth accordingly presented a Bill to make requirements about the integration of health and safety issues in education and vocational training; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 31 October, and to be printed [Bill 155].

Sir Gerald Kaufman (Manchester, Gorton) (Lab): On a point of order, Mr. Speaker. I am sure that you will tell me if this is not an appropriate time to raise this point of order, but in view of the fact that the Minister is about to move a programme motion relating to the order in which amendments are taken, it seems the appropriate time to put it to you. As you know, Sir, I wrote to you last week regarding the selection of amendments. I accept totally that it is absolutely within your discretion to decide which amendments you select for debate, and that you are not required by precedent or procedure to state the reasons why you have selected them. Nevertheless, I am asking, and I will accept it entirely if you say that my point of order is invalid or that I am not raising it at the right time, whether it is open to you to explain to the House—if it is not, I accept that—how it comes about that you have selected a large succession of new clauses on abortion when there is no reference in the Bill to abortion.

Mr. Speaker: First, the right hon. Gentleman did write to me, but I did not reply to him or to any other letters because I did not want to be drawn into this argument. It was only this morning that I was drawn into the argument, but I think that I can put on the record that I did not reply to the right hon. Gentleman for the reason that I have given. The amendments were selected because they were within the scope of the Bill; it is as simple as that. All the amendments on the Order Paper are there because they are within the scope of the Bill, and that is the explanation.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): On a point of order, Mr. Speaker. I should be grateful for your advice and I am sorry that I have not had a chance to give you advance notice of this point of order. During business questions, we were told by the Leader of the House in answer to a question from the hon. Member for Birmingham, Selly Oak (Lynne Jones) that in today's debate

"the clauses, new clauses and amendments will be considered in the normal way."

That was in response to a question asking whether new clause 1 would be dealt with first. In response to a question from me, we were told:

"The Bill will be debated according to the procedures in the normal way."—[*Official Report*, 16 October 2008; Vol. 480, c.925-6.]

My understanding was that the normal way, in the absence of anything abnormal, would be that new clauses were debated before amendments in the order of selection, according to your selection. I should be grateful if you gave us guidance as to whether it is normal for there to be a programme motion that reverses the order of the normal way of doing these things.

Mr. Speaker: The Leader of the House mentioned the normal way—I was in the Chair when that was said. I am not responsible for the way in which the Leader of the House or any other Minister of the Crown replies. On the normal way as the hon. Gentleman expresses it, he is right: it is laid out in a certain manner, except that the rules of the House allow a Minister to come forward and put down a programme motion. That is what is happening now, and we have before us a programme motion that changes the order of business in terms of what clauses will be called. Again, that is not a matter for me. A Minister is allowed to do that in the normal way, and it is up to the House to say yea or nay to what the Minister has to say.

Dr. John Pugh (Southport) (LD): On a point of order, Mr. Speaker. There is a new clause in the first sequence of amendments.

Mr. Speaker: The new clause is grouped.

Mr. Kenneth Clarke (Rushcliffe) (Con): Further to that point of order, Mr. Speaker. I realise that, on the subject of the programme motion, it is within the powers of the House to alter the order of debate, but you have certain powers, which are governed by convention, protecting the practice of the House and the way in which it normally expects to debate the matters regarded as most significant to large numbers of Members. Do I take it that you accept that the Speaker has no discretion whatever if the Government of the day choose to order for debate amendments, as well as new clauses, in whichever order they deem fit? Obviously, the consequence is that they are able to choose that the House debate only those matters that are not, for some reason, inconvenient for them to have debated, and everything else falls to a guillotine under our new timetabled arrangements.

Mr. Speaker: This is up to the House. A programme motion is in order, and it is up to a Minister, if they so wish, to come forward with a programme motion. The motion has been tabled and it is for debate, and the House, if it so wishes, can vote it down. I am not suggesting that it should do that, but the House can vote the programme motion down, and if it does, we revert to the situation where the clauses are in the order of consideration. I hope that I am explaining myself properly. So, it is not a question of my discretion; at this stage it is before the House, and it is up to the House to say yea or nay to what the Minister is proposing.

Lynne Jones (Birmingham, Selly Oak) (Lab): On a point of order, Mr. Speaker. I note that the order in which the amendments are printed in the Order Paper is also not in accordance with the usual convention. Normally, the new clauses are printed first, followed by the amendments in the order in which they relate to the Bill. In today's Order Paper, that convention has not been followed. On whose authority has this unconventional means of dealing with the amendments taken place?

Mr. Speaker: It is a regular practice of the House to re-marshal when a programme motion has been tabled. We have the programme motion, and I shall call Dawn Primarolo to move it.

Human Fertilisation and Embryology Bill [*Lords*] (Programme) (No. 2)

1.37 pm

The Minister of State, Department of Health (Dawn Primarolo): I beg to move,

That the Order of 12th May 2008 (Human Fertilisation and Embryology Bill [*Lords*] (Programme)) be varied as follows:

1. Paragraphs 10 and 11 of the Order shall be omitted.

2. Proceedings on consideration shall be taken in the following order: amendments to the clauses of the Bill; amendments to the Schedules to the Bill; new Clauses; new Schedules; remaining proceedings on consideration.

3. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion at 6 p.m. at this day's sitting.

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at 7 p.m. at this day's sitting.

The Human Fertilisation and Embryology Bill contains important provisions that are of great interest to the public and to patients, to the scientific community, to researchers and to Members in all parts of this House. They have a potentially profound impact. One in seven couples needs help with fertility treatment; 350,000 people in this country live with Alzheimer's; every week, five children are born with, and three young people die from, cystic fibrosis. All those issues, and the potential for treatments, this Bill addresses.

Today is the last opportunity for the House to debate the Bill before it returns to the other place for consideration of the amendments that we have made. We have amendments for debate today that cover embryo research, the definition of embryos, the parenthood of people who receive assisted reproduction treatment, and saviour siblings. These matters go to the very heart of the Bill and they need consideration before it finally leaves this Chamber. The programme motion provides for that.

1.39 pm

Mark Simmonds (Boston and Skegness) (Con): I shall confine my remarks at this stage specifically to the programme motion. As the Minister correctly said, this is the last chance for the House to discuss many detailed and complex issues before the Bill moves to the other place. We Conservatives have a completely free vote on the Bill—from the programme motion to all amendments, and through to Third Reading—and in my view the Government should have had far more free votes on it, as was the case with the Human Fertilisation and Embryology Act 1990. The Government had free votes on only the three key areas, in addition to abortion: admixed embryos, saviour siblings and the need for a father.

The Conservatives have a totally free vote, so my remarks from this Dispatch Box will be personal ones. Clearly, having one day to debate the volume of amendments that have been tabled, both about the main part of the Bill and about abortion, demonstrates what a insignificant amount of time the Government have allocated. It is possible that significant aspects of the Bill will not have been debated on the Floor of the House and will not be reached. Such issues might include key amendments to the saviour sibling proposals, key changes to the surrogacy arrangements and the disclosure of donor information.

[Mark Simmonds]

I sympathise with the Minister's view that the Bill is not a vehicle for abortion issues, but the Government must take note of the significant feeling in all parts of the House that a serious debate about the workings of the abortion legislation needs to take place. There is real concern and anger in all parts of the House about the Government's tactics to limit debate, both on abortion and on other key aspects of the Bill.

I know that the Minister wants to ensure that the Bill, when it is enacted, has the same longevity as the 1990 Act, and like most Members of this House, I share that aim. A key part of the 1990 Act's success was the depth and thoroughness of the debate and discussion that took place on it, and my fear is that the curtailment of debate today as a result of the programme motion will mean that the same might not be said for this Bill. That is why I shall vote against the programme motion, given the chance.

1.41 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I agree with the hon. Member for Boston and Skegness (Mark Simmonds) that the Bill deals with large and fundamental moral issues. I am not discussing the Bill's merits at the moment, but I point out that it deals with fundamental moral issues about the human race. I therefore agree that free votes are appropriate on this Bill, just as they were on the Bill that became the Human Fertilisation and Embryology Act 1990, when my party, like the hon. Gentleman's, had free votes throughout.

After a great deal of discussion within the Labour party, our Whips have agreed to free votes along the way on this Bill. They have agreed to more free votes than they originally intended—their original intention was that we should have none. Despite the fact that Labour Members are whipped on Second Reading and on Third Reading, paragraph 3 of the parliamentary Labour party's code of conduct allows members of the PLP not to vote on an issue of this kind. Having written to the Chief Whip, I shall avail myself of paragraph 3 and not vote on Third Reading of the Bill, because I refuse to give it my support.

The hon. Member for Boston and Skegness rightly says that the issues raised in the Bill on which amendments have been tabled and to which the Government are giving priority go to the very heart of the nature of the human race. That is why it is very important that the programme motion allows the opportunity to discuss matters that trouble me and trouble large numbers of my constituents. Such matters relate to hybrid embryos and saviour siblings, among other things. It is essential that this House is given a proper opportunity—and uses it—to debate those issues and to come to decisions on them, whatever those decisions may be. I know on which side I shall be voting, as I did in Committee in May. I go that far with what the hon. Gentleman said.

This Bill is clearly not about abortion, which is why I raised my point of order with Mr. Speaker before we began discussing the programme motion, why I went to see him and why I wrote to him. The Bill does not contain a single word about abortion; it did not when it was originally published or when it was completed, and it does not now. I acknowledge—who would not acknowledge it?—that the issue of abortion is of profound importance, whatever view one takes on it. Many different views on abortion can be taken, so talking about pro-abortion and anti-abortion oversimplifies an approach to a topic on which people have very strong feelings. I respect those feelings, whatever side of the argument they represent. I do not regard it as appropriate for the issue of abortion, given all its profundities and the strong feelings it generates, to be pinned on to this Bill. The Bill was never tabled to deal with abortion and does not deal with it.

The hon. Member for Boston and Skegness is right to say that the issues relating to abortion, of which there are many—the time limit is but one such issue, despite its importance; other such issues include medical approval and the question of procedure—are very important. However, it is clearly not appropriate to debate them in relation to a Bill that has nothing to do with abortion. It should be appropriate, at some stage, to debate the issues associated with abortion. Since David Steel introduced his private Member's Bill, the issue of abortion has never been introduced into, debated by or legislated on by this House of Commons as a Government issue and in Government time. As with a number of other very important moral issues, such as the legalisation of homosexual acts between consenting adults, these matters have been brought before this House of Commons by private Members.

I support the Government's motion because the abortion issue should not be pinned on to a Bill that is not about abortion. If a Member of Parliament were to be successful in the ballot in the next Session and able to introduce a Bill on the issue, it might be appropriate at that stage for the House to debate it.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Perhaps it would be convenient for the House if I were to re-emphasise the ruling that Mr. Speaker gave a short while ago that the subject of abortion is within the scope of the Bill. I am sure that the right hon. Gentleman wishes to maintain a clear distinction between arguing about Mr. Speaker's selection and about the order contained in the programme motion.

Sir Gerald Kaufman: I made it perfectly clear in my point of order to Mr. Speaker that I totally respect the Speaker's right to decide which amendments to select. Once I had put my point of order to Mr. Speaker, I in no way questioned his decision; the House must accept his decision and respect it. If anything that I was just saying appeared to infringe on the Speaker's absolute right to make a selection within the bounds of order, I am very sorry, because that was never my intention. What the Government have done in this programme motion is to introduce an order in which the groups of amendments should be taken. That order, which the Government are proposing to the House and which I support and shall vote for in the event of a Division, says that amendments on abortion should be dealt with right at the end, after every amendment or group of amendments has been considered. That is appropriate because abortion is a subject all on its own. While it may well come within the ambit of the Bill as drawn, it was not intended by those who drafted the Bill to be debated as part of this Bill. That being so, I support this motion and I shall vote for it.

1.50 pm

Norman Lamb (North Norfolk) (LD): Like the Conservative spokesman, I confirm that my party will have free votes throughout the debate, including on the programme motion. What I say will therefore reflect my personal thoughts.

I will oppose the programme motion. There has been no consultation on it. The Minister said in her opening remarks that the Bill dealt with serious issues that needed to be debated, but the Government could have chosen to take two days to debate it, and they could also have chosen not to have a statement today. So there is no substance to the Minister's suggestion that that is the reason for the proposed order for debate.

It has been suggested that there may have been some secret deal or understanding that has led to this outcome. There have been suggestions that the Government are concerned about what might happen in the House of Lords, but Front Benchers from all parties in the other place have confirmed that they would not interfere with the decisions of this House on abortion. That was the case in 1967 and 1990. In any event, that is no good reason to prevent debate in this House.

Dr. John Pugh (Southport) (LD): My hon. Friend surely recognises that abortion was not discussed at any stage in the consideration of the Bill in the House of Lords.

Norman Lamb: My understanding is that it was, but in any case that does not negate the points that I am making.

The Government allowed expectations to be raised that opportunity for debate would be provided at this stage. That is demonstrated by the number of amendments that have been tabled and the investment of time and energy by Members and by organisations outside on both sides of the argument. I am sure that all of us have received many letters and e-mails from women in Northern Ireland. Whatever side we take on that issue, those women clearly had an expectation that their case would be heard, but they will be denied that opportunity.

The Government say that it is not appropriate to debate these issues at this time. If that is the case, when is the appropriate time to debate abortion issues? On other occasions, such debates have arisen on amendments tabled by Back Benchers. In 1990, the Conservative Government allowed time for discussion of abortion issues. This time, the Labour Government have refused to do so. Will the Minister give a commitment now to allow time at some future point? There has been a suggestion that the Government would commit to allowing time on a private Member's Bill. Will she now ensure that that is the case, because it is important that this significant issue, with strong feelings on both sides, should be properly aired and debated in this Chamber?

1.54 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I speak against the programme motion because—and I say this with no pleasure—it and the order of discussion appear to be a shabby manoeuvre by Ministers to stop the full debate of some very important matters. I appreciate that Ministers did not intend this to be a Bill about abortion. I am open to the argument that we should have another piece of legislation that would enable a full debate on most of the matters in relation to abortion that have been raised as amendments and new clauses to the Bill, but there is a special case for debating and voting on the particular new clause that I tabled to extend the 1967 Act to Northern Ireland.

In Northern Ireland, abortion is a criminal justice matter. In due course, criminal justice matters will revert to the Assembly. At present, no major party in the Assembly supports a woman's right to choose. If we do not debate my new clause today, women in Northern Ireland will lose for a generation the opportunity to gain the rights that women in the rest of the United Kingdom have enjoyed for more than 40 years. The other matters in relation to abortion can come back to the House in due course, but my new clause is widely regarded by the hundreds of women who have written to me as their last chance to get justice on this matter.

I have been roundly abused by male politicians from Northern Ireland for tabling the new clause, so I wanted to touch not on the substance of the new clause but on why I have tabled it. I have not tabled it out of any desire to run contrary to people's deeply held religious opinions, nor out of a desire to persuade people in Northern Ireland that abortion is a good thing—which I do not think myself. Nor did I table the new clause to override the authority of the Northern Ireland Assembly. I certainly did not table it to force a single woman in Northern Ireland to have an abortion. I tabled the new clause because, as it stands, the law on abortion in Northern Ireland is the same law that was passed in 1861. So long as this remains the Parliament of the United Kingdom and so long as women in Northern Ireland are citizens of the United Kingdom, we have a responsibility to move those women's rights into the 21st century.

Women in Northern Ireland cannot have an abortion under the 1967 Act, not even as a result of rape, incest or gross foetal abnormality. If we do not have sufficient time to debate my new clause this afternoon, we may miss the opportunity to change that for a generation. Women from Northern Ireland cannot have an abortion in Northern Ireland. The lucky ones are the thousands who have the resources and the support to travel to Britain to get an abortion. How can that be right? If I go to Belfast and break a leg, I can have an operation on the national health service, but because of the manoeuvrings of politicians down the years, poor women have to find the money—at a time of enormous stress and difficulty—to come here and pay for an abortion. I do not wish to speak to the merits of my new clause, but I do wish to emphasise the urgency of this matter. The question is whether this United Kingdom Parliament is content to keep a group of women as second class citizens on this important issue of liberty and rights.

1.58 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): I am in a quandary. Normally, the very mention of the words "timetable motion" is enough to have me rushing into the No Lobby, but we Conservatives have a free vote today, even on the timetable motion, and I shall not go into the No Lobby. More time should have been given to a subject of this order of magnitude, but the Government are justified in taking the view that they have taken on the order of subjects for debate. This

[Miss Ann Widdecombe]

Bill began in the other place. There was no substantial debate on abortion there, save one brief examination of a disability issue related to abortion. In other words, all the issues that were raised in this House were not raised in another place and have not been debated there. That would not matter if the Bill were starting here, but it started in another place. Surely the Government are right to say that given that we have limited time—which is a shame, because time should not be so limited—the issues that we must discuss are those in the original Bill, which have already been debated and which are still in the Bill, rather than those that were raised only at a late stage in this House, which have never been considered by the other place.

The Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo), and I have never agreed on any issue even remotely connected to this subject matter, but I reluctantly have to say that I think that the motion is right. I urge people who do not normally welcome timetable motions to at least take that into account when deciding how to use their free vote.

2 pm

Mr. Frank Field (Birkenhead) (Lab): Many Opposition Members have laid proper emphasis on the fact that they will have free votes on this measure, but we will have free votes for those Labour Members who wish to exercise them. I encourage my right hon. and hon. Friends to do precisely that.

I wish to address a question to the Minister. She was so thoughtful in ensuring that the House had as much as possible of the 45 minutes available to discuss the programme motion that one did not even have a chance to intervene. I believe that the Government are right to say that we should concentrate on the main issues that gave rise to the Bill. I also believe that the way we go about debating abortion in this place, picking off bits and pieces as though we were playing bingo, is not an appropriate way to consider a major issue.

That is why I tabled a new clause that would empower the House to set up a Select Committee of both Houses to report back coherently on how we might or might not reform the abortion laws. My preference would be that we should make abortion much easier earlier on and much tougher later on, but it might be that that would not be the conclusion of the Select Committee. We would then at least have before us a coherent set of proposals. We would know what we were voting for and could table our amendments accordingly.

Although the Government are right to exclude abortion today, I hope that when the Minister gracefully replies she will tell us what the Government's plans are to give us the appropriate time for the sort of debate for which my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) also asked.

2.2 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I find this programme motion particularly cynical. It marks another rather important change in the way that Parliament is handled. The Government have decided to stop parliamentary debate on various important issues altogether and to ensure that no votes take place at all on key issues that they find it politically embarrassing to have raised at the present time. If that becomes an established practice, we will see another serious step back in the way the House can discuss matters.

This is the first time that the House has had the opportunity to discuss embryology or abortion in Government time since 1990. We have private Members' Bills on the subject of abortion from time to time, but they do not have the faintest prospect of changing the law because there is always, on one side or the other, a sufficient blocking minority to stop progress. I would be very surprised if more Government time were made available in the next 20 years or so for those subjects to be returned to, but they are very important to many of our constituents and they arouse profound emotions.

The general public, whom we represent, have every view and none on the subject, but there is an enormous range of opinion, about which people on both sides feel very passionately. It cuts completely across political party, both for the public and for us, and there is no way in which a particular Member of Parliament can possibly hold himself up as representing the strong feelings that some sections of the population hold.

We must have legislation, and this is the legislative Chamber for the country. As it happens, the House is representative, because, again crossing party lines, Members of the House of Commons represent, in my experience, just about every range of opinion one could possibly have on the subject. Many Members have strong feelings on moral, political, practical and social grounds that ought to be expressed. Every now and again, a chance comes to address those issues.

The 1990 Act has been referred to, and I spent far too much time on Second Reading reminding the House of how that went through. A free vote was permitted to every Member of the House, including Ministers in the then Government. That Bill was deliberately drafted to ensure that abortion came within its scope. I pay credit to Geoffrey Howe, now Lord Howe, who was then the Leader of the House of Commons. He made it quite plain that he wanted me, as Secretary of State, to ensure that the Bill was drafted in such a way that Mr. Speaker would allow abortion amendments, because there was such a demand from the House that they should be considered. A great deal of time was allowed for the discussion and the law was settled for the next 18 years. It needs to be revisited and debated again.

A motion such as this programme motion merely serves to outrage the range of opinion in the House, on both sides of the argument, as people find that they are not allowed to open up the subjects again. There is no practical reason for it. It is some political embarrassment—political with a small p or a large P—that causes the problem. I suspect that Scottish by-elections are determining the progress of the Bill all the way through.

The House has lots of time in which it could consider the issues. I cannot remember a period in which the House of Commons has had less serious business to transact brought before it by the Government. There is no earthly reason why we should not have the powers extended today to go on into this evening. There is no earthly reason why we should not have two days' debate, at least at this stage. A Christmas recess of quite

unprecedented length has just been announced, because the Government cannot think of anything to occupy the time of the House.

As we have, in practice, a free vote on both sides, I make the usual hopeless plea that I have found myself making in recent debates on programme motions. I trust that Members on all sides will regard themselves as having a free vote. If we allow this motion to be whipped through, it will be applied to other sensitive and political Bills. In future, by reordering clauses and putting knives in the guillotine and so on, the Government will be able to determine that any subject that they regard as inappropriate or unsuitable will not even be debated, let alone voted on, by the House of Commons. Such cynicism would take my breath away if I were not becoming ever more accustomed to such a process on the part of a control-freak Government who regard the House of Commons as an embarrassing nuisance to be silenced on all suitable occasions.

2.8 pm

Fiona Mactaggart (Slough) (Lab): I have spoken to the Bill on a number of occasions, and on each occasion I have spoken about the embryology elements, but I have been in the Chamber when amendments relating to abortion have been discussed. It feels to me as though the issue is being treated in an asymmetrical way, so that those who sought at an earlier stage to curtail abortion rights were heard, but those who seek at this stage to extend them are to be silenced by the programme motion. Frankly, I feel that that is a failure of leadership of this House and this Government and we should rethink.

I accept that my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) makes a reasonable point when he says that the Bill is not necessarily the right vehicle with which to deal with this matter. If we were assured by those on the Front Bench that there would be an opportunity to deal properly with the issue, when all aspects of the abortion debate could be properly discussed, I would be content to support the programme motion. If we do not receive that assurance, I shall not feel able so to do.

2.9 pm

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): I rise to support the Government and the programme motion. I assure the House that my party was not party to any deal whatsoever on this issue.

The hon. Member for Hackney, North and Stoke Newington (Ms Abbott) referred to her new clause 30, which is before the House today and which would have the effect of extending the Abortion Act 1967 to Northern Ireland. One reason for our support of the programme motion is that we believe that it is not appropriate for the House to debate that new clause today, as there is strong opposition in Northern Ireland to the proposition on which it is based.

I know that hon. Members will have received a letter from the leaders of the four main parties in the Northern Ireland Assembly. The letter was written by my right hon. Friend the Member for Belfast, East (Mr. Robinson), who is my party leader, the hon. Member for Belfast, West (Mr. Adams), the leader of Sinn Fein, the hon. Member for Foyle (Mark Durkan), the leader of the Social Democratic and Labour party, and Sir Reg Empey, the leader of the Ulster Unionist party. Between them, those four parties represent more than 90 per cent. of the electorate in Northern Ireland, and have more than 100 seats in the Northern Ireland Assembly. That makes it clear that this sensitive matter should be dealt with by the Assembly and not by this Parliament.

Northern Ireland has had separate legislation on this and many other issues, going back centuries. Indeed, there are different bodies of law that apply in Scotland and Wales, and there is nothing unique about the issue of abortion. In Northern Ireland, we have laws in respect of other matters of legality that are different from the laws that apply in other parts of the UK.

It is clear that we should consider only the human fertilisation and embryology element of the Bill and not try to tack on something that will cause considerable problems for the political process in Northern Ireland. The implementation of the 1967 Act, if it were to be extended to Northern Ireland, would fall largely to the Northern Ireland Assembly. It would therefore be entirely wrong for this House to legislate against the wishes of the parties in the Assembly, as those parties would be required to implement a law with which they did not agree.

Mr. Crispin Blunt (Reigate) (Con): Unless my memory serves me false—which it may be doing—my recollection is that the right hon. Gentleman did try to amend the Bill at an earlier stage in order to add abortion issues to it. If so, does he agree that his argument simply will not wash?

Mr. Donaldson: I did not table any amendments to this Bill at any stage, so the hon. Gentleman is entirely incorrect in that respect. As far as the principle is concerned, any Member of this House is of course free to vote on any amendment, but new clause 30 has been tabled by hon. Members who represent constituencies where abortion is already available. We are dealing with these matters in the context of the 1967 Act, and no hon. Member with a constituency in Northern Ireland supports new clause 30. Indeed, the hon. Member for Hackney, North and Stoke Newington has not set foot in Northern Ireland to talk to people about this issue.

The hon. Lady has not consulted about her new clause, even though section 75 of the Northern Ireland Act 1998—which was passed by this House and which enacted the Belfast agreement—requires that any major legislation brought forward by Parliament or the Assembly should be subject to proper consultation and equality impact assessments. There is no opportunity for the public to be consulted about new clause 30, so she and the other hon. Members who have proposed the new clause are simply seeking to impose their will in a way that goes against the wishes of the people of Northern Ireland and of their elected representatives.

The leaders of the four main parties in Northern Ireland have written to all hon. Members to say that the matter should be addressed by the Northern Ireland Assembly, and not by this House. That is why I urge the House to support the programme motion, and to leave this matter to the people of Northern Ireland and their elected representatives.

2.14 pm

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): I begin by thanking the Leader of the House for bringing

[Jim Dobbin]

this Bill back after July. At that time, I was unfortunately indisposed, and never got the opportunity to vote against it. I shall now be able to listen to the debate, take part in it if necessary—and then vote against it on Third Reading. That will give me some satisfaction.

The Bill is about human fertilisation and embryology issues, but that is not the perception in the public arena. The media coverage that the Bill has received means that the public perception is that it is purely about abortion, and that is why I support the programme motion. Abortion is a very serious issue, and I accept that it comes within the scope of the Bill, but it is not the dominant aspect of the Bill and there are many other important matters that need proper debate.

I believe that there should be a proper review of the Abortion Act 1967. That is the way ahead, because it would allow people on both sides of the argument to have a reasonably intense and detailed debate. If we were being honest with ourselves, we would not play this sort of game. We would treat all of these subjects with great seriousness.

2.15 pm

Mrs. Jacqui Lait (Beckenham) (Con): I do not often feel sorry for the Government, but in a sense they are the victims of their own actions. We are debating these matters because they have recognised the pent-up demand in the House to examine the abortion issue, and the logical result of that is that any hon. Member can table an amendment on the subject.

We all recognise that the Bill is fundamentally about human fertilisation and embryology, and that is a very big and important subject. I must gently disagree with the hon. Member for Heywood and Middleton (Jim Dobbin) and what he said about the amount of publicity given to the human fertilisation and embryology element of the Bill, but there is huge demand for clarification and modernisation of the law on abortion. That is what all the amendments are about, and I very much agree with those who have pointed out that there is plenty of time in our parliamentary timetable for the necessary debates to take place. That is why I shall go into the No Lobby against the Government, even though in general I approve of what they are trying to do with the Bill.

2.17 pm

Ms Dari Taylor (Stockton, South) (Lab): I am very disappointed to have to state that I will have great difficulty in supporting the programme motion this afternoon. I chair the House's all-party fertility group, and am well aware that the community of people outside the House who have serious problems conceiving are looking to the Bill for support.

However, the Bill makes no mention of access to NHS facilities—something that was discussed in full in the other place. There, the subject was given a very fair run, but we in this House are not allowed to discuss it. The Bill focuses on the regulation of IVF treatment and research, and makes no mention of the many other treatments that infertile people can access.

The founding principle of the NHS was that people could receive treatment at the point of need, but most people with infertility problems have to go to private clinics, where IVF is the only treatment on offer. They often have to pay for that treatment by remortgaging their homes. I am seriously disappointed that we will have no chance to discuss these issues. I tabled an amendment in the hope that it might be selected for debate, but it has not.

I shall have great difficulty in supporting the programme motion this afternoon.

Several hon. Members *rose—*

Mr. Deputy Speaker Order. I am prepared to call one more hon. Member to speak, on the basis that he or she respects the fact that I want to call the Minister to respond to the debate at 2.20 pm.

I call Mr. Robert Key.

2.18 pm

Robert Key (Salisbury) (Con): Thank you, Mr. Deputy Speaker. It is with great regret that I shall not be supporting the timetable motion. I have supported the Government through thick and thin, I think, in their attempt to get on the statute book a moderate and tolerant piece of legislation that is absolutely necessary. I have accepted that it is perfectly in order to debate the question of abortion, so I regret very much that we shall probably not have time this afternoon to discuss even those important issues—such as parenthood, surrogacy or saviour siblings—that relate to the original Bill.

That is a very great regret, because I think that the Government are well intentioned with this Bill. I therefore ask that they—and Parliament—consider changing the habits of a lifetime: they should accept that the very important issue of abortion should not be shuffled off to a private Member's Bill but instead tackled in Government time with a Government Bill. We are mature enough in this country now to take those issues as public business; they are public business. I therefore hope that they will be so treated in the future.

Meanwhile, I shall vote against the programme motion, because it ignores the wishes not only of almost everyone in the Chamber today, but of our constituents, who are bemused, indeed amazed, that although we have plenty of time, the Government are rushing the Bill through—even though they are largely right.

2.20 pm

Dawn Primarolo: With the leave of the House, Mr. Deputy Speaker.

These are very important matters, and it is important to focus on the Bill. It is about IVF treatment. Actually, it is about access to the treatment, the improvement of that treatment and broadening the range of people who are entitled to it. It is about research on debilitating and killing diseases and about giving hope. The Bill has had 81 hours of debate thus far. Unusually, it has had two days on the Floor of the House—unique for this type of Bill—including time for the debate on abortion, without restriction on the subjects on which amendments could be tabled.

I shall answer two specific questions that have been put to me. First, there are no plans to introduce a Bill on abortion. Secondly, in answer to my right hon. Friend the Member for Birkenhead (Mr. Field) who asked about a special Committee of both Houses, that is not a matter for Ministers; it is a matter for the House authorities, and he can pursue that if he wishes.

Mr. Frank Field: I am grateful to my right hon. Friend. I understand that she is saying that that is not a matter for her, but if we had a vote on that, would she support new clause 34, which I and my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries) have tabled?

Dawn Primarolo: My right hon. Friend will know that that is not for me to say as a Minister. I may have a view personally, but I am speaking from the Dispatch Box as a Minister. There is a free vote, and each Member will be able to decide. Those are the free votes that we will conduct this afternoon.

Question put:—

The House divided: Ayes 322, Noes 157.

Division No. 283] **[2.21 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Amess, Mr. David
Ancram, rh Mr. Michael
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Burns, Mr. Simon
Butler, Ms Dawn
Butterfill, Sir John
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Cash, Mr. William
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clappison, Mr. James
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Philip
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elliman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Evans, Mr. Nigel
Evennett, Mr. David
Farron, Tim
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodwill, Mr. Robert
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hands, Mr. Greg
Hanson, rh Mr. David
Havard, Mr. Dai
Hayes, Mr. John
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Howard, rh Mr. Michael
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonnell, Dr. Alasdair
McFadden, Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Paisley, rh Rev. Ian
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill

Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Shepherd, Mr. Richard
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soames, Mr. Nicholas
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Streeter, Mr. Gary
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Walker, Mr. Charles
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watkinson, Angela
Watson, Mr. Tom
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Wilson, Mr. Rob
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Goodman and Mr. Dave Watts

NOES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Barker, Gregory
Barrett, John
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Challen, Colin
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Corbyn, Jeremy
Davey, Mr. Edward
Davies, Mr. Dai
Davis, rh David
Duddridge, James
Duncan Smith, rh Mr. Iain
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Foster, Mr. Don
Garnier, Mr. Edward
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Gray, Mr. James
Grayling, Chris
Greening, Justine
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harvey, Nick
Heath, Mr. David
Hemming, John
Hendry, Charles
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Mactaggart, Fiona
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcólm
Robathan, Mr. Andrew
Robertson, Hugh
Russell, Bob
Sanders, Mr. Adrian
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Smith, Sir Robert
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walter, Mr. Robert
Webb, Steve
Wiggin, Bill
Williams, Mark
Williams, Stephen
Willott, Jenny
Winnick, Mr. David
Winterton, Sir Nicholas
Wishart, Pete
Wood, Mike
Young, rh Sir George

Tellers for the Noes:
Dr. Evan Harris and Mr. Lee Scott

Question accordingly agreed to.

Orders of the Day

Human Fertilisation and Embryology Bill [*Lords*]

As amended in the Public Bill Committee, considered.

Clause 3

PROHIBITIONS IN CONNECTION WITH EMBRYOS

2.34 pm

Dr. John Pugh (Southport) (LD): I beg to move amendment No. 49, page 3, line 26, after 'transmission', insert 'via cytoplasm'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment No. 41, page 3, line 26, at end insert—

'(5A) Regulations made under subsection (5) may not provide for an egg or embryo whose nuclear genetic material has been altered by genetic modification, or whose nucleus has been replaced by the nucleus of a somatic cell, to be a permitted egg or a permitted embryo.

(5B) In this section, "genetic modification" includes the alteration of the nuclear genetic material of an egg or embryo by—

(a) recombinant nucleic acid techniques which change the DNA sequence of nuclear chromosomes of the egg or one or more cells of the embryo, or

(b) the introduction into the egg or into one or more cells of the embryo of a stably-maintained artificial chromosome, virus or plasmid.'.

Amendment No. 47, in clause 4, page 4, line 37, at end insert—

'(f) an embryo created by combining pluripotent or totipotent human cells with amimal embryonic cells in which the latter have been altered so as to contain double the number of chromosomes, or in which the animal cells have been otherwise altered to become largely or entirely extra-embryonic tissue.'.

Amendment No. 50, in clause 68, page 53, line 19, at end insert—

'(2A) This section shall be subject to section *(prohibition on placing human gametes into an animal)*.'.

Amendment No. 73, in schedule 2, page 58, line 42, at end insert—

'(4A) A licence under this paragraph may not authorise any activity the purpose of which is to develop techniques for creating a child by germ line genetic modification.

(4B) Regulations made by virtue of paragraph 3A(1)(c) may not provide for activities the purpose of which is to develop techniques for creating a child by germ line genetic modification.

(4C) For the purposes of this paragraph and paragraph 3A, "germ line genetic modification" means—

(a) altering the nuclear genetic material of an embryo, or of a gamete used to create an embryo, by—

(i) recombinant nucleic acid techniques which change the DNA sequence of nuclear chromosomes of one or more cells of the embryo or of the gamete, or

(ii) the introduction into one or more cells of the embryo or into the gamete of a stably-maintained artificial chromosome, virus or plasmid, and

(b) placing the embryo containing the genetic alteration in a woman, so that any resulting child could transmit the genetic alteration to its descendants.'.

New clause 24—*Prohibition on placing human gametes into an animal*—

'(1) The Secretary of State shall by regulations make it an offence to place any human gamete into an animal.

(2) Sections 3 and 4 of this Act shall not come into force until regulations under subsection (1) have been made.'.

Dr. Pugh: As sufficient brickbats have been handed out so far, may I put on record that this emotive Bill was dealt with courteously and considerately in Committee?

The big debate is about whether it is right to extend the range of experiments involving the human embryo that may be carried out. The alleged goal is the extension of scientific and medical knowledge that could alleviate human suffering, especially, but not exclusively, that of a generic origin. For some hon. Members, no possible reduction in suffering, improvement in maternity or growth of knowledge can justify what they regard as the violation of human life and the interference with normal human development. Their position is unqualified. For many hon. Members in the Chamber, however, this is a case of balancing hope and fear. On the one hand, there is the hope that some day, terrible inheritable and cellular diseases will be conquered, and on the other hand, there is the fear that an increasingly casual approach to human life will denature our society and create possibilities that we would not wish. That balance is being played out in nearly every Member's head.

I suspect that we cannot know with any confidence whether those hopes or fears—or both—will be realised many years hence, so we all act on a kind of faith. Our position depends on whether we believe that the grounds for hope outweigh the grounds for fear, or vice versa. On Second Reading, that point was made most eloquently by the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), who is not in the Chamber; he said that he was more fearful than hopeful. That is the heart of the debate.

Whatever one's judgment on the main issue, my amendments Nos. 49 and 50 and new clause 24 do not affect it, because regardless of one's take on the Bill—for or against—we know that it was never intended that the Bill would authorise human genetic engineering or reproductive cloning, even through it repeals the Human Reproductive Cloning Act 2001. Nor was it intended that the Bill would allow scope for genetic engineering or reproductive cloning. The humane intention behind the Bill is to allow women whose eggs are encased in cytoplasm with disease-carrying mitochondria to transfer those eggs into healthy cytoplasm and avoid inheritable disease. I am sure that we all wish to avoid the transmission of inheritable disease.

The key point is that the Bill says that an egg or embryo for which mitochondrial disease is addressed is a "permitted" egg or embryo. It is an unquestionable, but ignored, fact that some mitochondrial diseases result from deficiencies in the nucleus, rather than arising from the cytoplasm or the mitochondria. The manipulation of the nucleus is thus—subject to regulation, of course—unintentionally permitted. Several amendments in the group, including Nos. 49 and 41, would address that by simply closing the door, or drawing the line, and restricting the law to what was originally intended.

Dr. Ian Gibson (Norwich, North) (Lab): Does the hon. Gentleman agree that the vast majority of genes in the mitochondria look after mitochondrial proteins,

[Dr. Ian Gibson]

which apply across the human race? They would not contribute to a person's individuality, so he is exaggerating the problem of mitochondrial disease.

Dr. Pugh: To exaggerate a problem is still to identify that a problem exists, and I do not think that it was intended that the Bill would generate such a problem.

Hon. Members may think that amendment No. 41 is more comprehensive than amendment No. 49, which I tabled, but my amendment would put the Bill back on track. The amendment would mean that the Bill would do what hon. Members, whether they support or oppose it, thought that it actually did.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): May I offer my support for my hon. Friend's amendment No. 49, which is at the head of the group that we are discussing? I have no doubt that the regulations in the clause would stop nuclear modification to prevent cytoplasmic disease, and the Human Fertilisation and Embryology Authority would not, in any event, license such a procedure, but my hon. Friend is right: it is sensible for legislation to say what it means. There is no doubt that the Government mean the provision to deal only with cytoplasmic causes of mitochondrial disease in DNA. It is unfortunate that the Bill reaches us in this imperfect form, but my hon. Friend's amendment would improve it.

Dr. Pugh: I thank my hon. Friend for that support. I see that we are in a holy, or perhaps unholy, alliance. We all have our views on the "slippery slope" argument, but slopes are certainly a lot more slippery if we do not examine carefully where we are treading and what exactly we are doing. Arguably, that is all my amendment seeks to do. We are talking about not an unintended consequence, but an unintended meaning to the Bill, which it behoves us to address.

Turning to new clause 24 and amendment No. 50, the legislation prohibits the placing of animal gametes or embryos in a human. My amendment mirrors that by banning the placing of human gametes in an animal for experimental purposes. Such an experimental procedure was carried out as recently as in 1984 in Australia. It, too, involved embryos. At the moment, such an act is covered, rather weakly, only by the Animals (Scientific Procedures) Act 1986.

Arguments against that simple, seemingly innocuous but important amendment are extraordinarily weak. They include the argument that so far, such experiments have been futile and uninformative—that is probably true—and the argument that scientists would not want to do such procedures anyway. The Department of Health argued that

"the development of a foetus or progeny is impossible",

but that is disputed by Professor Millar of the Medical Research Council.

Mr. Kevin Barron (Rother Valley) (Lab): The Medical Research Council, the Association of Medical Research Charities, the Wellcome Trust and the Academy of Medical Sciences say that new clause 24 and amendment No. 49 would weaken invaluable research. What does the hon. Gentleman say to that?

Dr. Pugh: I would really like instruction on what that "invaluable" research, conducted in such a bizarre way, would deliver.

Dr. Harris: As I understand it, some of the research that would be banned by my hon. Friend's new clause involves looking at the development of human gametes in the context of animals. It is not about creating embryos; it is about studying the development of human gametes in vitro. That is what his new clause would cut across. I do not think that it is the sort of frightening research that some would say it is, and I do not think that he is justified to seek to ban it when it is already regulated in other ways.

Dr. Pugh: There is absolutely no reason that I can think of why such research should not be banned if people cannot state clearly the identifiable benefits that could be derived from it. That is quite apart from the question of whether humankind can be crossed with other primates—that, of course, is the scenario that most frightens people—and whether Stalin's scientists' dreams of creating a "humanzee" can be realised. That could all be science fiction.

I want to make two simple points. First, why should we legislators leave it to scientists to set limits on what is morally permissible? Scientists, bankers and MPs are all, in general, decent honourable folk. However, where there is an interest, I have limited faith in self-regulation for any of them. After all, in the Human Fertilisation and Embryology Act 1990, we outlawed placing a human embryo in an animal.

Secondly, would it not be a sight as monstrous as any hybrid creation to see hon. Members shuffle through the Lobby to preserve the right of scientists to put human gametes in animals' wombs? How would such an action be represented to their constituents? If hon. Members suggested and supported something that absurd and abhorrent, would not constituents think that hon. Members themselves had been transmuted into a flock of unreasoning sheep?

Mr. David Drew (Stroud) (Lab/Co-op): In many respects, I am pleased to follow the hon. Gentleman, because amendments Nos. 41 and 73, in my name and the names of a number of other hon. Members, are in the same vein. We wish to make it absolutely explicit, in the two amendments, that we are ruling out human genetic modification. I have always been pleased to try to do that in other areas, too. I have always been an opponent of the genetic modification of food, so it is unsurprising that I am an opponent of any attempt to allow it to happen to human beings.

2.45 pm

I would like to think that I have the support of the Government, and of my right hon. Friend the Minister in particular. On a number of occasions she has made it absolutely explicit that the Government have no intention of allowing genetic modification of human beings. I think that the argument is about how the Government say that. However, the legislation could imply—I put it no more strongly than that—something slightly different. Amendment No. 41 basically tries to clarify that the Government cannot allow themselves, or a subsequent Administration, to use secondary legislation to do what should really come within the purview of this House—to

clarify by clearly stating in legislation what should and should not be allowed. Amendment No. 73 basically says that if we do not have agreement and do not want to specify outcomes, it is meaningless to permit scientists to experiment in this field.

Dr. Gibson: My hon. Friend may be confusing the issue. For example, if somebody has cystic fibrosis, it is possible now to attempt to introduce genes, by various mechanisms, into the lung cells to prevent what we call somatic disease. However, a disease could also pass into the gametes, and be passed on from the person who is being treated to their children, should they be fortunate enough to have children. It is then in the genetic line. Part of my brain can see why we ban such research at the moment, but another part says, "Perhaps one day we'll get lucky." In other words, perhaps we will be able to knock out genetic disabilities. Many genetic diseases—250 or 300 of them—could then be completely knocked out. We should not throw the baby out with the bath water.

Mr. Drew: I hear what my hon. Friend says, but we have to deal with what we are faced with today. The amendments are carefully phrased. We are looking at mitochondrial opportunities to deal with diseases that someone might carry, but the amendments would make it absolutely clear that that should not be done through human genetic modification. There is a dividing line, but I hope that the Government are clearly on my side, and that of other hon. Members.

I have written to my right hon. Friend the Minister on the subject; unfortunately, I have not had a reply. I refer to the letter sent by my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher), my hon. Friend the Member for North-West Leicestershire (David Taylor) and me. We wrote to the Government in the hope that the point would be clarified before Report, given that in Committee I tried to draw attention to what some of us saw as a particular problem. To refresh everyone's memory, we are talking about proposed new section 3ZA to the Human Fertilisation and Embryology Act 1990, which, to many of us, is the key part of the Bill before us. It goes to the essence of what human fertilisation and embryology is all about. Those of us who wish to shut down genetic modification will draw attention to any loophole that will result from the Bill becoming law.

As I said in reply to my hon. Friend the Member for Norwich, North (Dr. Gibson), I have no problem with the Government's aim of helping people with mitochondrial conditions. The problem is that proposed new section 3ZA(5) is so broadly worded that it would allow a future Government to permit absolutely any technique—including genetic modification or even reproductive cloning—to prevent transmission of mitochondrial conditions. We want the Government to respond to that issue.

We feel that the Government have to clarify their position, because although there is an opportunity for Parliament to scrutinise in respect of permitting any technique that requires the passing of regulations, that is not the same as primary legislation. Views will change, and as has just been said, matters may pass on. As the hon. Member for Southport (Dr. Pugh) said, unless the legislation is clear from the outset, there will be the slippery slope about which some of us are very concerned.

The Minister cannot have it both ways. If the Government are coming down against the genetic modification of children, that needs to be stated in the Bill and we should not need to go to secondary legislation. If that does not happen, the Government will effectively be supporting a loophole that would permit such modification to happen in due course. There is an argument that my amendment might interfere with the techniques for mitochondrial donation. However, according to people far more scientifically knowledgeable about these issues than I, there are other ways in which such donations can be made. From my philosophical point of view, those are very preferable to genetic modification.

I agree with the hon. Member for Southport. We have had a listening Government and open-minded discussions. What happened before is different, but to me that is a slightly different issue. I hope that the Government will respond. The problem is that if we do not get things right with amendment No. 41 at this stage, that will be the law, even if there is a subsequent attempt to provide more control through the regulatory process. Some of us are nervous about that, because attitudes change and 90 minutes—at best—is not a good length of time in which to discuss such huge philosophical issues.

Amendment No. 73 clearly links to amendment No. 41, and through it we are asking why the Government, if they wanted to will the end—not allowing genetic modification in respect of the creation of children—were not prepared to rule out the means. As it is currently constituted, the Bill will allow scientists to continue to experiment in this area. That is problematic for two reasons. First, this country is an outrider on this issue in the world, and certainly Europe. Many European countries have ruled out the process. I am quizzical about why, in saying that they want a degree of restrictiveness in this area, the Government have not signed the relevant convention. That has been discussed in Committee and on Second Reading. Even if we want to be at the front end of scientific progress, why are we out on our own? Some of us do not want to go to certain places.

If our view is that we wish to make genetic modification in respect of the creation of children illegal, shutting down scientific research on the issue would seem perfectly reasonable. If it is not shut down, scientists in this country or elsewhere will work on the issue. If we believe that science will eventually find answers, such scientists—whether mavericks or the most genuine members of the scientific community—will push through that door. We will then be faced with the dilemma of what to do with that research—sorry about the pun, but the genie will really be out of the bottle.

I have explained why amendment No. 73 is vital. It would not interfere with the basic research, because other forms of research dealing with all manner of genetic imperfections would be allowed to carry on. The problem is that unless we are clear that we are not encouraging research through genetic modification, somebody somewhere, if the legislation retains its current wording, will go on with it.

I hope that the Minister will give a good response and that the House, if asked to vote, will come clearly down against genetic modification, which I am sure everyone in the House is against. The argument is about how best to be against it. If amendment No. 49, tabled by the hon. Member for Southport, is pushed to a Division, I will support it. However, I hope that my more

[Mr. Drew]

comprehensive amendment is taken seriously and seen as a way of helping the Government, who, I am sad to say, have listened but not acted as some of us would have wished. They have not been comprehensive in clarifying their views on human genetic modification.

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to follow the hon. Members for Southport (Dr. Pugh) and for Stroud (Mr. Drew), and I support their amendments. Many of us opposed in principle the prospect of human admixed embryos, but we had a vote on that principle and the House decided to go ahead with it. Many also opposed the practical results proposed by the Government; indeed, during discussion of the programme motion today, the Minister again alluded to the prospect of treatment for Alzheimer's disease and other debilitating conditions. Many of us applaud that fine motivation, but are concerned that the Government are marching us up to a false summit. Many of us sought to oppose the move because we felt that there were ready alternatives that are producing therapeutic treatments and offer great prospects of further cures to such debilitating illnesses.

I wish to speak to amendment No. 47, tabled in my name and those of other right hon. and hon. Members. It is not a wrecking amendment; it does not seek to oppose the principle of human admixed embryos, as we have to accept the previous will of the House. Nevertheless, there will obviously be a fundamental vote on Third Reading. Our amendment seeks to do something important: plug a gap that has exercised the minds of many. The Minister has mentioned that there have been 80 hours of deliberation and many of those have been taken up in discussion of whether the definitions of human admixed embryos in the Bill are adequate. Amendment No. 47 is significant, and I will want to press it to a Division.

On Third Reading in the other place, the noble Lord Darzi raised the issue of definition. He said:

"My Lords, the issue of defining human admixed embryos has long vexed all those who have tried to tackle it. It was probably the topic that the Joint Committee of both Houses that scrutinised the draft Bill spent most time considering."

Like other hon. Members here, eighteen months ago I was a member of that ably chaired Joint Committee. We sought to be as constructive as possible to assist the Government to come to an appropriate definition. The House of Lords Science and Technology Committee also undertook an inquiry specifically into the issue of definitions, which is a matter that has led us down many different paths. Indeed, I pay tribute to the noble Lord Mackay, who gave particular consideration to the issue, both in the Joint Committee and in the other place, with Ministers and others, to try to help us come to a definition.

3 pm

As a lawyer, I would perhaps tend to look to definitions as an important part of any Bill. It is therefore quite right that we should begin our considerations this afternoon with the issue of definition. If we cannot get the definitions right, that does not hold out much hope for the Bill's practical application. Notwithstanding all the results that we want to achieve, it should concern us all in the House if we cannot get the definition right. I therefore hope that my amendment No. 47 will attract widespread support from those who, despite being vehemently for or against human admixed embryos in principle, whatever I say, are concerned that the definitions in the Bill should be comprehensive.

The noble Lord Darzi said on Third Reading:

"We are now facing what we hope will be the final steps in this journey."

Those final steps led to an essentially catch-all definition, which he described in that debate in terms of clause 4, which includes a

"regulation-making power to extend the definition of human admixed embryos if necessary."

He added:

"It has been included to ensure that if someone comes up with the type of human-animal embryo at the human end of the spectrum that is not captured by the definition, there is a power to extend the definition to catch it. This is a future-proofing mechanism."

It is for this House to try to ensure to the best of our ability that we get the definitions right, so that they are fully comprehensive and so that everyone out there—the scientists and the public—is clear about what we mean by human admixed embryos. We should not simply devolve the issue to future delegation or a future-proofing mechanism. That is not satisfactory.

The gap in the current definitions needs to be addressed properly. My amendment No. 47 seeks to do that. The gap is crucial—it is the gap in the law between the Bill and the Animals (Scientific Procedures) Act 1986. The amendment standing in my name addresses that gap, by adding another type of chimeric embryo to the definition of "human admixed embryo" in clause 4, which would otherwise remain unregulated.

The science behind the creation of such embryos is complex—one would perhaps need a hot towel on one's head to understand it fully—but it is important not to be blinded by that complexity, because the concept is very simple. Indeed, the noble Lord Darzi put the issue in its proper context, again on Third Reading, saying that the Government's intention was for the Bill to ensure that the Human Fertilisation and Embryology Authority

"regulates human-animal embryos at the human end of the spectrum."—[*Official Report, House of Lords*, 4 February 2008; Vol. 698, c. 853-4.]

That is the context that my amendment No. 47 seeks to address.

That principle was reinforced in Committee on 19 May by proposed new section 4A (6)(e) to the 1990 Act, which captures any embryo outside the other definitions of a human admixed embryo in subsection (6) that

"contains both nuclear or mitochondrial DNA of a human and nuclear or mitochondrial DNA of an animal...but in which the animal DNA is not predominant."

Hon. Members need to ask themselves today whether that provides sufficient clarity or whether there are any circumstances that would lead to a lack of regulation of a key area of research.

Mr. William Cash (Stone) (Con): Does my hon. Friend agree that, despite the Prime Minister writing in an article in *The Observer* on 8 May that the Government were bringing forward clear legislation, that is precisely what they have not done? My hon. Friend is manfully dealing with the complexity of the issue, as have other

members of the Public Bill Committee, but they have been completely swept along by a vast labyrinth of complexity, which will render most of the legislation impossible for anybody to understand.

Mr. Burrowes: Certainly the issues are complex and certainly there has been a desire at an early stage for clarity. Whether we have all been swept along by that complexity is perhaps for others to judge. There is certainly a need for clarity, however, particularly in the definitions.

I would like to give some examples of where that lack of clarity poses potential dangers that need to be dealt with. As the Minister will no doubt remind me when she responds, the Government's intention in adding a catch-all category to the definition of human admixed embryos in the Bill was, as she explained on a previous occasion, to provide

"further clarity of the scope of the term",

adding:

"In addition to the four precise scientific definitions already in the Bill, that will ensure that all new forms of embryos that may be developed that contain both human and animal DNA will, where the animal DNA does not predominate, fall within the regulation."—[*Official Report*, 18 May 2008; Vol. 476, c. 59.]

That is the test that we have to hold that catch-all category up to. Does it provide further clarity? Does it ensure that all new forms of embryos that we are aware of are captured? The Government's approach was that the human end of the spectrum referred to any embryo containing both animal and human DNA, where the human DNA was more than 50 per cent. of the total, and that all such embryos should and would be regulated under the Bill.

The Joint Committee, of which I was a member, considered the matter and reported on it. The issue exercised our minds; indeed, letters were written to the Department of Health and the Home Office, given their twin responsibilities. In our conclusions, in paragraph 163, on page 47 of the report, we said:

"The second issue centres on the human-animal boundary and which entities should be regulated as human embryos and which should be regulated under the Animals (Scientific Procedures) Act 1986. We have received a lot of evidence suggesting that there is no principle, as such, which underpins the Government's choice of 50 per cent. as a cut-off point for whether an entity is sufficiently human to merit regulation by the HFEA, or whether it is more appropriately regulated as an animal by the Home Office. The 50 per cent. rule intended to be embodied in subsection (e)",

as it was then—it has since been amended—

"is essentially an arbitrary attempt to draw a line between what qualifies as human and what as animal."

There can perhaps be few more important issues than what qualifies as human and what as animal.

The Joint Committee continued, in paragraph 164:

"We heard evidence arguing that the issue as to what proportion of the entity is human and what proportion is animal is not clear-cut."

To pick up on the intervention that my hon. Friend the Member for Stone (Mr. Cash) made, the issue is a complex one that has exercised the minds of great experts. The Joint Committee continued:

"For example, Professor Martin Bobrow, Chair of the Academy of Medical Sciences"—

reference has already been made to that august body—

"working party on interspecies embryos, told us that what makes an entity human rather than animal is not easily measured in DNA terms, although, if a line in the sand had to be drawn, he saw no reason why it should not be drawn at 50 per cent."

The report continued:

"Professor Sir Richard Gardner, Edward Penley Abraham Research Professor of the Royal Society in the University of Oxford, raised the more technical issue of what the 50 per cent. actually refers to—for example, when calculating the relative quantities of mitochondrial DNA (which may come from a cow egg) against quantities of nuclear DNA (which may come from a human skin cell), different answers would result according to whether you measured the mass or the number of genes."

Those are the experts who say that the issue exercised their minds.

I draw attention to the evidence given to the Committee by Professor Robin Lovell-Badge in response to my question, which was:

"In terms of definitions and in terms of inter-species embryos would you want there to be a definition to cover animal chimeras starting with an animal embryo and a set of human cells, whether that should come into the ambit of an inter-species embryo, tetraploid complementation processes and the like"—

we will come to that definition—

"whether that should be subject to the Bill?"

Dr. Lovell-Badge responded:

"Again, you have got yourself right into a difficult position again because it is very hard to come up with any strict definition saying this is 50 per cent. human and 50 per cent. animal, therefore it falls into this category rather than this one, because things change as well. You may start off with an embryo which is 20 per cent. human and end up with something which is 60 per cent. human or vice versa."

The challenge from the Minister to provide further clarity of the scope of the definition of what is animal, what is human and what should be subject to regulation is surely put to the test by the very nature of the subject. We must ask ourselves a serious question about clause 4—whether it contains the definitions needed for the public to understand, for us to understand and for the scientists to work with.

The subject of amendment No. 47 is the case of embryos created by a process called tetraploid complementation. If the results were to be the same in experimentation with human-animal embryos as they are with mice, the potential exists for the embryos to end up completely or almost completely human. In tetraploid complementation, pluripotent stem cells are combined with an embryo that has been altered in such a way that the cells in the embryo have double the number of chromosomes. The cells are then tetraploid and develop into an extra-embryonic tissue such as placenta, while the pluripotent stem cells develop into the foetus. However, this specific class of embryos would not fall within the ambit of the Bill. That is the issue that my amendment seeks to address.

Mr. John Gummer (Suffolk, Coastal) (Con): My hon. Friend has been demonstrating how complex these questions are. Is it not true that one has a simple question to ask as well—that is, what would the general public, on whichever side they happen to be, expect us to do in trying to deal with these questions? Would they not expect us to make sure that the examples that my hon. Friend has given came within the ambit of the legislation and did not fall outside? That is how they would understand, as well as they could, the very detailed arguments that he puts forward.

Mr. Burrowes: I am grateful to my right hon. Friend. That is the least the public would expect of us. They may or may not agree with the principles and the practical results, but at the very least they would expect the Bill to cover researched examples of animal-human embryos. It is important that we do not leave that to a foolproof clause regulating future embryo research.

In tetraploid complementation, pluripotent stem cells are combined with an embryo that has been altered in such a way that the terms of Bill would not properly apply. Under the Animals (Scientific Procedures) Act 1986 those embryos could be legally implanted into an animal and taken up to mid-gestation without requiring a Home Office licence for the research project—it is this part of the process that causes concern and is not subject to proper regulation—other than an implementation licence, which is an unrelated animal welfare issue.

3.15 pm

That goes against the principles behind clause 4 as described by the noble Lord Darzi in the other place. Those principles are also reflected in the new sub-paragraph (e) which is intended, as the Minister said, to capture all hybrid embryos in which human DNA is predominant. The embryos that I am describing would be similar to the type of chimeric embryos described in section 4A(6)(d) of the 1990 Act. They would be, as defined in the Bill, a mixture of human and animal cells, rather than transgenic embryos or cloned embryos. However, they would remain outside regulation, and I shall spend a few minutes explaining why they would fall outside the ambit of the Bill.

First, the chimeric embryos referred to in section 4A(6)(d) are human embryos to which animal cells are added. However, the chimeric embryos in the example that I am putting forward would be animal embryos to which human cells were added. As confirmed by Lord Hunt of Kings Heath in a written answer on 25 June 2007, they would not be captured by sub-paragraph (d). Lord Hunt stated:

> "Chimera embryos created by the addition of human cells to an animal embryo are not within the regulatory framework set out in the draft Bill. These chimeras, made using animal embryos, are regulated under the Animals (Scientific Procedures) Act 1986 at such time as they become a protected animal under that Act. Any embryos not considered to be a protected animal do not come within the Animals (Scientific Procedures) Act."—[*Official Report, House of Lords*, 25 June 2007; Vol. 693, c. WA101.]

The second reason why there is a need for amendment No. 47 is that the chimeric embryos that I am describing would not be captured by new sub-paragraph (e), as embryos created by tetraploid complementation would start as predominantly animal, with very little human DNA contribution. They may develop to have predominantly human DNA only after the first 14 days of development. In the examples that the eminent experts discussed in the Joint Committee, the human or animal definitions could not easily be applied.

This argument may seem to have no relevance to the Bill. The hon. Member for Oxford, West and Abingdon (Dr. Harris), with whom I have debated the matter on many occasions, may suggest that. However, since those embryos would fall under animal legislation, the 14-day rule and the no-implantation rule, which I concede are in the Bill, would not apply, so the embryos would not be permitted to be implanted into an animal womb. Thus, their development would continue to the stage where human DNA would potentially overwhelmingly predominate in the developing foetus.

The third reason is that although clause 3 of the Human Fertilisation and Embryology Act 1990 bans the implantation of an entirely human embryo in an animal—we would all unite and agree on that—and, as we know, the ban is retained in the Bill, if an embryo created by the mechanism of tetraploid complementation were to be implanted, it would not be entirely human at that stage. That is the crucial issue. At the pre-implantation stage it would be defined as not human, and it would not fall within the remit of the Bill. It would then supposedly come under the auspices of animal legislation. My point is that it would not; it would tend to be unregulated. Even if the particular embryo were subsequently to develop into an entirely human embryo, it would escape the ban. That is why the issue is crucial.

Dr. Evan Harris: I am following the hon. Gentleman's argument with interest. Will he explain whether it is his understanding that if such an entity were implanted into animal, a licence would be required from the Animal Procedures Committee?

Mr. Burrowes: I am grateful for that intervention. If the hon. Gentleman bears with me, I shall come shortly to the issue of the licence.

The fourth reason for the amendment is that proposed new section 4A(4) bans the implantation of human admixed embryos in an animal. Since the embryos in question are not defined as human admixed under current definitions in the Bill, implantation into an animal could not be banned under clause 4. The embryos would thus fall under animal legislation, potentially allowing a human foetus with an animal placenta to develop in an animal womb up to mid-gestation, without the requirement—this relates to what the hon. Member for Oxford, West and Abingdon said—to obtain a research licence from the Home Office. The research project would require a licence only if the research was intended to take the foetus beyond mid-gestation. If that was the intention, a licence would be required.

The difference, as I understand it, between requiring a licence for a research project and requiring one for implantation is an unrelated animal welfare issue—not something that falls within the intention of animal legislation. As the hon. Member for Oxford, West and Abingdon knows, animal legislation is designed to ensure that animals are not butchered by incompetent or uncaring technicians or researchers who do not know what they are doing or do not care if animals suffer unnecessarily. In relevant cases, the researchers would need an implantation licence because the animal to be implanted would be classified as a protected animal. That is the crucial issue. In my example, the foetus developing inside would be an unprotected animal until mid-gestation. That is the gap that I am seeking to plug. Hence a licence would not be required for the research project unless the intention was to develop the foetus beyond mid-gestation. That might sound like a far-fetched scenario; some may even say that it is a science-fiction scenario.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): For the sake of clarity, will the hon. Gentleman say whether he is referring to mid-gestation in the species into which the implant has been made?

Mr. Burrowes: Let me give an example. The procedure has been used in mice since the early 1990s, and it is routinely used to make entire mice from embryonic stem cells, which are being aggregated with tetraploid embryos. When used in this way, the procedure is considered a gold standard for testing, where researchers have isolated genuine, fully functional embryonic stem cells to make every cell type in the body rather than just many cell types. Since the tetraploid cells would make tissue outside the embryo, such as placenta, the inserted embryonic stem cells would have to make every cell type in the animal. If anyone is interested, I have research papers here on that very procedure.

Currently, researchers use a far less rigorous type of test for human embryonic stem cells. It is called the teratoma test, as was mentioned earlier. Teratomas are a specific type of tumour generated by embryonic stem cells, which consist of various stem cell types. However, it is a much less comprehensive test than tetraploid complementation, since relatively few cell types are generated in this way.

The Minister of State, Department of Health (Dawn Primarolo): I am listening very carefully to what the hon. Gentleman is saying. His basic argument relates to something falling outside the current prohibitions in the Bill. However, does he not agree that the definition of human admixed embryos, already discussed in the House, covers tetraploid complementation so that the Bill's prohibitions would apply? The embryos could not therefore be placed into an animal, which is the fear that he is expressing. The Bill therefore deals with the problem.

Mr. Burrowes: It will probably not surprise the Minister to hear that during the 20 or so minutes of my speech, I have been seeking to make the very point that the definitions are not covered, which is why we need amendment No. 47 to plug the gap. That follows on from the relationship with animal legislation—*[Interruption.]* The Minister may well like to talk rather than listen to my response, but this issue should not be taken for granted. This research and testing is taking place, and the issue of the mid-gestation period, which presently falls within the ambit of the Home Office and animal legislation, needs to be dealt with properly at this stage, through the opportunity presented by the Bill. That is important as we seek to define human admixed embryos and to deal with regulation in respect of animal-human embryos.

Mr. Gummer: If we assume that the Minister is right, it must be perfectly reasonable to agree with my hon. Friend as well. All he is doing is ensuring that those who fear that the Minister may not be right can be reassured by his amendment. If the Minister is right, she must be able to accept his amendment, because she has suggested that its content is already in her Bill. It seems to me that this is an opportunity for Members on both sides of the House to agree. If, on the other hand, the Minister does not really want this provision, she is trying to avoid the strength of my hon. Friend's amendment by suggesting that everything is all right anyway.

Mr. Burrowes: As always, I am grateful to my right hon. Friend. I want to be reassured by the Minister telling me that tetraploid complementation is fully covered by the definitions in the Bill, but according to a written answer given by Lord Hunt, that type of chimeric embryo is not covered. He said at one point that the position following mid-gestation is covered by animal legislation, but before he had said that it was not, so there is a discrepancy. I hope to be assured that all these matters will be fully covered by regulation under the Bill, but if they will not be, as I believe, all Members should unite in supporting amendment No. 47.

During a public hearing on hybrids and chimeras on 31 January 2007, of the Select Committee on Science and Technology, of which I was not a member, although I note that others present were, it was stated that a number of scientists had informed the Committee that at some point researchers might wish to go beyond the teratoma test and generate chimeras to demonstrate totipotency and pluripotency—Members are nodding, which suggests that they remember that comment—using human embryonic stem cells, which would clearly involve breaching the 14-day and no-implantation rules, to which we all hold. It was pointed out that that would apply to adult as well as embryonic stem cells.

The Committee also heard from Professor Blakemore, who gave evidence on 5 February 2007. In answer to questions 234, 239 and 265, he said that some scientists would eventually wish to test the multipotency of human adult stem cells and also induced pluripotent stem cells—which, as many Members know, are derived from ordinary adult cells, and which many of us believe hold great prospects for the future—by inserting them into the blastocyst of an animal embryo, implanting them and allowing them to develop. Professor Blakemore suggested that those chimeras could be allowed to develop

"to the point of organogenesis",

although not to term. At a public hearing of the Joint Committee on the Bill on 20 June 2007, Dr. Stephen Minger said in answer to question 646 that scientists would soon want to

"take human embryonic stem cells, insert them into a primate blastocyst and take that blastocyst to midgestation or maybe to birth, or maybe to ten years of age."

There is no indication that any of those scientists had tetraploid complementation in mind, although the creation of chimeric embryos to test totipotency, not just pluripotency, may indicate that it had been considered by one or two researchers. However, the scientists may have been referring to a very similar procedure whereby embryonic stem cells are inserted into normal diploid embryos rather than tetraploid embryos. In such cases, the resultant human-animal chimeric foetuses, or creatures, would contain various proportions of cells from both species. Many of us agree that that carries great concerns of its own—for example, the potential development of human gametes or of a large proportion of human brain cells in an animal. However, as the Bill is currently drafted, both those types of chimera would fall within the more permissive animal legislation. I therefore ask the Minister to consider very carefully why there should not be legislation containing proper, clearer definitions.

Amendment No. 47 is restricted to dealing with tetraploid complementation.

Dr. Evan Harris: I am still a little confused, because there are two issues here. First, is the tetraploid complement embryo actually human at the point at which the hon. Gentleman envisages it would be implanted, bearing in

[Dr. Evan Harris]

mind that the embryo itself does not include the animal-derived trophectoderm that forms the placenta, in which case the Minister is right and it would be covered? I see the Minister nodding. In any event, does the hon. Gentleman accept that in order for appropriate implantation, there would have to be a close species match? Would that not require a licence from the Animal Procedures Committee that it would be extremely unlikely to give? Is not the hon. Gentleman's amendment therefore unnecessary in both those cases?

3.30 pm

Mr. Burrowes: As always, I am grateful for the hon. Gentleman's intervention and for his expertise in this matter. However, he raises the question of whether the embryo would be human, but as he has heard during questions to the experts, they themselves have not been able to agree on that. They have said that there is not a defined point, and they have talked in vice-versa terms on the issue of going from human to animal. When one follows through this process within the ambit of animal legislation, it is apparent that at the time before mid-gestation there is potential for the process to be unregulated, unless a licence has been applied for where there is an intention to go beyond mid-gestation point. There is a gap that I feel needs to be properly plugged, at the very least for the reassurance that we have it covered. After all, everyone is concerned that all forms of animal and human embryo that we are aware of should be properly covered.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): Is this not fairly simple? There is not a scientific consensus on the definition. There is, therefore, not a consensus among practitioners, and if there is no consensus on the definition, the Minister cannot rely on the definition in the Bill unless it is fully clarified.

Mr. Burrowes: I am grateful to my right hon. Friend for her comments. Similar points were made in the other place. It is absolutely crucial that, at this late stage, we can have clear definitions. This issue has been raised by the media. Reference has been made to the media being dominated by the issue of abortion, but there have been other debates as well, and awareness of the issues has grown. Many of us are concerned that the awareness of stem-cell therapy should lead to greater support for, and investment in, adult stem-cell therapy that is producing the treatments that we all want.

Earlier this year, *The Independent* reported that a senior cloning scientist, Dr. Lanza, had warned that some might wish to use tetraploid complementation to create cloned babies by inserting human-induced pluripotent stem cells into human tetraploid embryos. It was reported that he had said that

"studies on mice have shown that it is possible to produce fully cloned offspring that are 100 per cent. genetically identical to the adult. This was achieved by using a type of defective mouse embryo with four sets of chromosomes instead of the normal two.

This 'tetraploid' embryo only developed into the placenta of the foetus and when it was injected with a reprogrammed skin cell, the rest of the foetus developed from this single cell to become a full clone of the adult animal whose skin was used.

None of the scientists working on cell reprogramming to produce induced pluripotent stem (iPS) cells—as the embryonic cells are known—plan to use it for human reproductive medicine. Their main aim is to produce (iPS) stem cells (from adult cells) for the therapeutic treatment of conditions such as Parkinson's, Alzheimer's and stroke."

We note the great progress made in that regard.

The Independent stated that

"Dr Lanza said that the mouse experiments his company had done demonstrated how easily the technology could be used to produce cloned or chimeric babies",

and he went on to say that we are opening up a "can of worms." We want to close that can of worms and ensure that the gap created is properly plugged. Dr. Lanza said that the technology

"could be used to produce cloned or chimeric babies by inserting iPS cells into early human embryos. This is not banned in many countries, where legislation has not kept pace with scientific developments."

He also said:

"In addition to the great therapeutic promise demonstrated by this technology, the same technology opens a whole new can of worms".

Ms Sally Keeble (Northampton, North) (Lab): Does the hon. Gentleman not accept that he is talking about scientists opening a can of worms by developing the technology, while the Bill will close a can of worms by regulating and limiting exactly the things that he is talking about? My right hon. Friend the Minister has assured us of that.

Mr. Burrowes: The purpose of my amendment No. 47 is to deal with the can of worms that is already out there. It is not science fiction about a theoretical area of research. The matter needs to be properly regulated and defined, and it is currently not. That is the purpose of the amendment, for which I seek the Government's support.

Mr. Gummer: If the hon. Member for Northampton, North (Ms Keeble) is right, is it not true that all she need do is support the amendment, because it merely reinforces what the Government have done? If she is wrong, we will want to support the amendment to see that the hole is plugged. Surely we do not need to have this argument, because it is so obvious that both sides agree.

Mr. Burrowes: I am grateful to my right hon. Friend, whose repetition of the point makes it ever better and more compelling. It is important that the Minister deals with the issue. The response in the other place was, "Well, we have a foolproof guarantee; we will ensure that we cover new forms through regulation and powers." However, the reality is that we have a gap, and for the sake of reassurance and ensuring that we have a comprehensive definition, the amendment should be accepted.

Mr. Peter Bone (Wellingborough) (Con): I am following with great interest my hon. Friend's speech, which shows his great knowledge on the subject. Is it not correct that if we pass the Bill as it is, we will rely on secondary legislation to protect us? The protection against reproductive cloning should be in primary legislation.

Mr. Burrowes: I am grateful to my hon. Friend. That is the point—we need to be clear in primary legislation.

Ms Keeble: Will the hon. Gentleman give way?

Mr. Burrowes: No, I shall make a bit more progress now.

Human-human chimeric embryos will be banned under clause 3, but the issue to consider is the definition of what is animal and what is human in the tetraploid complementation process. The amendment would close up a legal loophole between the Bill and the Animals (Scientific Procedures) Act 1986. It would ensure that chimeric embryos created by tetraploid complementation that had the potential to result in a completely or almost completely human foetus with an animal placenta would not come under animal legislation, and would therefore not be allowed to develop inside an animal womb.

One need only examine research and journals, as many will already have done, not least the 2007 article by Professor Jaenisch in *Science*, to see that the injection of IPS cells into tetraploid embryos needs to be addressed properly. The amendment would bring those embryos within the ambit of the Bill, preventing them from being developed beyond 14 days or from being implanted. It is important to establish that prohibition in primary legislation, and it is consistent with the Government's intentions throughout the Bill.

This issue should not divide those who are in favour of using embryonic stem cells and those who are against it. It is an altogether separate matter, and I hope that hon. Members can see that it potentially applies equally to adult stem cells and induced pluripotent stem cells. The Government's position is that they do not want to permit the implantation of embryos, to use the noble Lord Darzi's phrase,

"at the human end of the spectrum".—[*Official Report, House of Lords*, 4 February 2008; Vol. 698, c. 854.]

As the Bill is intended cover all such embryos, I hope that all Members will join me in supporting amendment No. 47, which would close a rather unusual and technical but extremely important loophole on the definitions of what is human and what is animal. It would ensure that there is clarity in the Bill.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I rise to support new clause 24 and amendment No. 50. In my opinion, the issues that they deal with are serious, sinister and ultimately ridiculous. Members of the general public listening to this debate might find it difficult to understand what we are discussing, and I should like to begin by making it clear which issue the new clause and amendment are trying to resolve. If the Bill as it stands is passed, it will allow the insemination of human gametes into an animal—that is, the insemination of human sperm into an animal. I find it difficult, as many members of the public doubtless will, to understand why the Bill is allowing this to take place, as it would be incredibly simple for a clause to be inserted prohibiting this, as was said.

The hon. Member for Southport (Dr. Pugh) described how the Bill completely fails to prohibit the placing of human gametes in an animal, and has questioned why we cannot address this issue. Given that the Bill has been put together so inefficiently, perhaps we should be thankful that the Government have been alert enough to prohibit the insertion of an admixed embryo into an animal, and the placement of non-human gametes in a woman. What have the Government been playing at, given that this loophole was pointed out to them a long time ago? What would it take for them to make this amendment? Why do we need to deal with an issue so basic, and which has been pointed out so frequently to the Government?

Of all the experimental possibilities debated during consideration of the Bill, surely none is quite as utterly repulsive as seeking to inseminate animals with human sperm. Yet despite all the Government's fervent assurances about safeguards and regulations, this procedure remains entirely untouched by the Bill's prohibitions. The Department of Health has argued that the insemination of animals with human sperm could never lead to a viable foetus. How can it know? Surely the nature of science and scientists is that they are incredibly experimental and inquisitive and constantly attempting to push back the barriers. How do we know what this would lead to in one, five or 10 years' time?

Mr. Cash: My hon. Friend might be interested to know that when we debated the Warnock report in 1984, I drew attention to this very question. Of course, I was treated with complete ridicule and contempt, because it was regarded as ridiculous nonsense that anyone would try to do this. However, I had read articles in obscure journals in the Californian medical field indicating that scientists were doing exactly the experiments that my hon. Friend has described.

Mrs. Dorries: I thank my hon. Friend for illustrating the point far better than I could. Who would have thought only a few years ago that attempts would be made in an underground tunnel in Switzerland to re-create the big bang? That is happening today, but we would have thought it ridiculous a few years ago—that it would not be possible. However, as I said, the Department of Health is arguing that the insemination of animals with human sperm could never lead to a viable foetus, and that therefore there is no need to legislate. It is just not an issue, the Department says. I think that it is a huge issue, as do many people.

The hon. Member for Southport asked what our constituents will think of us when we shuffle through the Lobby today to vote for some of the Bill's provisions. I would find it very difficult to justify to my constituents why I had voted to allow human sperm to be inseminated into an animal. If a constituent asked me "Why did you do that?" I would find it very difficult to explain my motives. When a Bill purporting, as we heard the Minister say today, to set global standards of regulatory efficiency fails to mark out such a fundamental ethical boundary, that is a very serious matter indeed. Moreover, it is a sinister matter.

Ms Keeble: Does clause 4(2)(a) not exclude what the hon. Lady is talking about, because human gametes would be mixed with animal gametes?

Mrs. Dorries: That does not excuse the situation at all. The provision to which the hon. Lady refers prohibits the placement of a human admixed embryo in an animal and the placement of non-human embryos or gametes in a woman, but it does not prevent human gametes from being implanted into an animal.

Ms Keeble *indicated dissent.*

Mrs. Dorries: If the hon. Lady wishes to argue that point, perhaps she would like to make her own speech.

3.45 pm

Mr. Gummer: Do we not come back to exactly the same thing? If the hon. Member for Northampton, North (Ms Keeble) is right, it does not matter if we repeat things. If she is wrong, it does matter that we say so. Some in this Chamber want to include in this Bill something that is not explicit, so we need to insist on the amendment to which my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries) is referring.

Mrs. Dorries: I thank my right hon. Friend for that clarification. I wish to ask the hon. Member for Northampton, North (Ms Keeble) why we should not clearly state in the Bill that it prohibits the insemination of human sperm into an animal. What is the problem with including such a provision in the Bill? *[Interruption.]* No, the Bill prevents things from happening the other way round, but, as I said, the hon. Lady can make that speech herself.

Mark Durkan (Foyle) (SDLP): The point that my hon. Friend the Member for Northampton, North (Ms Keeble) made was raised in error, because the new subsection to which she referred does not ban the activity she mentions, but licenses it. It would be banned

"except in pursuance of a licence."

Those were the words that she failed to mention. The new subsection states in full:

" No person shall—

(a) mix human gametes with animal gametes,

(b) bring about the creation of a human admixed embryo, or

(c) keep or use a human admixed embryo,

except in pursuance of a licence."

It licenses the very activity that my hon. Friend is trying to say is not permitted by the Bill.

Mrs. Dorries: That makes my point even more coherently for me. Perhaps we need to legislate to ensure that this activity cannot happen even in pursuance of a licence. I cannot believe that anybody in this House believes that inserting human sperm into an animal would be a good thing to do, so why do we not clearly state in the Bill that it will not be allowed to happen? This argument is not a surprise to the Government, because it has been pointed out over and over again that the Bill would allow this activity to take place in the seeking of a licence. One has to ask why they have not addressed the issue.

This is a sinister matter, because of the connotations. It is impossible to discuss insemination of animals with human gametes for very long without considering the infamous Soviet hybridisation trials of the 1920s. There are a huge number of historians on the Conservative Benches—I do not know how many there are on the Labour Benches—and one of the great pleasures for me, since becoming an MP, has been listening to some of those amazing and learned historians. I am sure that they will forgive me if I get anything wrong in the following paragraph.

At that time, the Soviet authorities were struggling to rebuild Stalin's red army after it had suffered many deaths and huge defeats. Stalin told his top scientist, Ilya Ivanov, to turn his skills to breeding an ultimate soldier by crossing human beings with apes. Stalin told him to breed a soldier who would not be fussy about what he ate, who did not feel pain and who was invincible. Stalin told Ivanov to use all his scientific knowledge and know-how to cross apes with humans and breed that soldier for him.

Many people in this House might think that it is ridiculous my even mentioning what Stalin did in the 1920s, but his ideas found credence among many in the scientific community and even became quite popular among evolutionary biologists in America; as my hon. Friend the Member for Stone (Mr. Cash) said, the idea that perhaps we could cross humans with apes and thus have almost a "humanzee" took root.

Mr. Jim Devine (Livingston) (Lab): The hon. Lady does her case no favours when she goes down this hysterical line. Over the past few weeks, we have celebrated the 10,000th birth of an in vitro fertilisation baby. If she reads the *Hansard* record from the time when IVF was being introduced to this place, she will see that the debate was exactly the same. It was about breeding animals, hybrids and everything else. We should stick to the debate and the issues, and hon. Members should stop being hysterical.

Mrs. Dorries: I am terribly sorry, but it is historical not hysterical. If the hon. Gentleman wishes to rewrite the history books and what happened in that era, he is at liberty to do so, but I am citing factual history. Stalin said that he wanted an invincible human being, insensitive to pain and indifferent to the quality of food he ate. That is what his scientists went off to do, and that is what took root in scientific thought in much of the western world in the 1920s.

In Ivanov's proposed research, there was never any consideration of the potential ethical problems of such experiments. Far from condemning his proposals, Ivanov's western colleagues and patrons were fascinated by them—and that is the point that I am trying to make. The Department of Health says that what we do today will never be abused or subject to experimentation in the future, but I would not be so sure. By their very nature, thank goodness, scientists push back the boundaries of research, and they may decide to see what would happen if they put human gametes into animals. They may see that as a valuable line of research.

Mr. Cash: Would my hon. Friend be interested to learn that the United States had a commission to study ethical problems in medicine in 1982, and in its report "Splicing Life" it called into question the issue of human-animal hybrids? It asked whether genetic engineering could be used to develop a group of virtual slaves, partly human, partly lower animal, to do people's bidding, so that is not as fanciful as some Labour Members seem to think.

Mrs. Dorries: I thank my hon. Friend for his valuable intervention.

I am not for one moment suggesting that the Government intend to follow the example of Stalin in the 1920s. I am not suggesting that they will select a team of experts and dispatch it to inseminate chimpanzee females with

human sperm to obtain, if possible, a hybrid of the two species. I do not believe that it is the Government's intention to do that. However, let me point out several important comparisons with the Soviet experiments.

Ivanov's experiments were legal. I suppose that should hardly surprise us—he was working under one of the most brutal totalitarian regimes the world has ever known, at the personal behest of one of history's bloodiest dictators. He was allowed to experiment with humans and chimpanzees. Soviet scientists had precious few personal freedoms in the 1920s—they could not buy their own homes or shop for the food that they wanted—but they enjoyed the legal freedom to carry out experiments involving placing human gametes in animals.

Such was life in Stalinist Russia, but of course no enlightened 21st-century western democracy would ever countenance allowing such things in law. Of course it would not, because its Government would ensure that they learned a key lesson from history and what happened in the 1920s, and would legislate to ensure that it could not and would not happen again. I am using the example of those 1920s experiments to say that that is what we should do today. We should legislate today to ensure that such experiments will never be legal.

The Department of Health insists that inseminating chimpanzees with human sperm could never produce hybrid offspring, and therefore no scientist would ever try, but the Ivanov episode shows that there is just enough hypothetical possibility in such a proposal to entice a certain kind of scientist. The chromosomal differences between some animals that can mate—such as goats and sheep—is greater than between humans and chimpanzees. There has been reference to a press article in which scientists speculated whether inseminating chimps with human sperm could produce offspring, and predicted that were it legal, some of their less squeamish colleagues were bound to try it. So we actually have members of the scientific community saying that if this is allowed to go through today, some of their colleagues will try it. The scientists are saying that themselves—

Mr. Devine: Rubbish.

Mrs. Dorries: The hon. Gentleman is shouting "Rubbish" from a sedentary position. He is not saying that I am talking rubbish, but that the scientific community is talking rubbish. There are those in the scientific community who have said that their colleagues will try to use this loophole if it is allowed to remain in the Bill. It is not I who say that, but the scientific community.

Members of the scientific community said that some of their less squeamish colleagues were bound to try to insert human sperm into an animal. The reporter was even able to find a professor of applied philosophy at a UK university who claimed to see no ethical objections to the creation of "humanzees". A professor in a UK university used that terminology! The hon. Member for Livingston (Mr. Devine) can shake his head as much as he wants. I despair to think that a scientist would believe there were no ethical objections to such behaviour. Like many people, I applaud scientists for their inquisitive nature. Thank goodness, they exist and experiment constantly. However, the role of the House, the Government and Parliament is to legislate to curb that enthusiasm and that inquisitive nature. That is why the Bill should and must close the loophole to protect us all from the creation of "humanzees", as the professor calls them.

When it comes to placing a human admixed embryo into an animal or of a non-human embryo or gametes into a woman, the Government have taken the wise steps of ensuring that such procedures remain strictly hypothetical, because they are banned by law. If the placement of non-human embryos or gametes into a woman is to be prohibited by the Bill, why are we allowing this loophole to go through? Whether there are any budding Ivanovs working in Britain's research facilities becomes irrelevant if new clause 24 and amendment No. 50 are passed. For that reason, I hope that the House will have the opportunity to divide on them.

In conclusion, I cannot help reflecting on the farcical nature of the topic under discussion. We are in the midst of the remaining stages of what is supposed to be benchmark legislation of impeccable ethical and technological integrity, but Members such as I have to support a new clause as basic and ethically uncomplicated as the one before us. Plenty of intricate and huge ethical issues are as yet not satisfactorily resolved in the Bill—the subject of saviour siblings will not even reach the light of day. How ludicrous it is, in those circumstances, that we are debating the placing of human sperm into an animal. How absurd it is that the Government, by failing to close the loophole, have allowed themselves to stand shamed by direct comparison with the most distasteful ethical excesses of Stalin's Russia.

I thank the hon. Member for Southport for his good sense in tabling new clause 24 and supporting amendment No. 50. I hope that I have the opportunity to vote on them in due course.

Mr. Barron: I rise, briefly, to speak against new clause 24 and amendments Nos. 50 and 47. I was involved with the 1990 Act when it came through the House, and I sat through the first two and a half hours of the debate thinking that things had moved on in some areas. The presentation that we have just had from the hon. Member for Mid-Bedfordshire (Mrs. Dorries) has knocked me back 17 years in terms of how we compare modern-day science and get it into context. As legislators, we have a responsibility to do that.

Comparisons to Stalin's Russia and to what Hitler did have never helped this debate from a scientific point of view in the years that I have been a Member of this House—including in debates on private Members' Bills and other legislation. Saying that the scientific community is on one side or another is not a helpful case. If there are two scientists in a room, they are likely to hold three different opinions. In a sense, it is the same with politicians. Over the years, I have listened to many scientists give evidence to the Health Committee, and other Select Committees also sometimes call in eminent scientists to put their arguments. However, we must accept that there will never be a consensus among scientists.

4 pm

Mrs. Dorries: If it is well known that scientists never agree, does not the onus then fall on Parliament to ensure that there are no loopholes in legislation? The law must provide the boundaries that scientists who disagree with each other cannot cross.

Mr. Barron: I was about to explain why I oppose amendments Nos. 47 and 50 and new clause 24. Earlier, I intervened on the hon. Member for Southport (Dr. Pugh),

[Mr. Barron]

who is not in his place at the moment. In the past 48 hours, all hon. Members will have received a short briefing from the Medical Research Council. The text was agreed by the Academy of Medical Sciences, the Association of Medical Research Charities, the Wellcome Trust and the MRC itself. There is a consensus on different issues among those organisations that we, as legislators, have accepted for many years. I know that various hon. Members have sat on some of those bodies, as lay or other members, and that they have brought their experience back to the House. We have a duty to recognise what the collective voice of the scientific community says about different pieces of legislation.

The scientific community has said that it believes that the two amendments and the new clause to which I have referred should be rejected. I do not know what my right hon. Friend the Minister of State thinks about that recommendation—we will have to wait and see—but I am happier to accept the advice in that brief than the advice in some of the other briefs that have been read out in this debate. I would not always accept the argument put forward by these organisations, but I shall briefly explain why I accept it today.

The brief states:

"We oppose the amendments which would have the effect of limiting valuable research which can be undertaken using human gametes in animals...While we recognise that gametes are special, in that they are cells involved in reproduction, the reasons for studying human gametes in the context of an animal is to learn more about how gametes develop and function."

Many reasons are given in debates such as this for looking at different areas of research, but the briefing note says that this particular research

"is important in the study of male infertility."

Time constraints today mean that we will not be able to discuss male infertility, but it remains a major issue in society. I have been very lucky in my life to be able to have children and grandchildren without ever having to worry about whether I could be a father, but many of our constituents go through the torture of infertility. Some of them, unfortunately, find it hard to afford treatment in the private sector, and Ministers will know that over the years I have spoken about the deficiencies of NHS infertility provision. However, the most important thing is that scientists should continue their research into these matters, as that is how they can help citizens who have not been as lucky as I have been when it comes to having a family.

Dr. Evan Harris: I agree with what the right hon. Gentleman is saying. Another example of the sort of research to which he has referred is the process by which ovarian tissue, for example, is engrafted on to an animal and then tested for the effects of chemotherapy. That is impossible—or at least very difficult—to do in vitro, without that sort of animal model. For good reasons, the Bill defines gametes as cells in the ovary or the testes at any stage in their development, including their very early stages. That is why banning the placement of human gametes in animals would prevent research, currently being done in this country, that involves research into the effect of chemotherapy on those cells' development. Clearly, that research would play into the issue of infertility.

Mr. Barron: I am grateful to the hon. Gentleman for that intervention. Obviously, with the professional knowledge that he gained before he came to this place, he has a deep understanding of the scientific complexities and the need for these procedures.

The briefing from the scientific community continues:

"Research of this nature is sufficiently regulated under existing human and animal legislation, and the creation of 'human admixed embryos' is already covered under licence provisions. Procedures directly involving animals are already licensed by the Home Office and therefore do not need to be covered by this Bill."

I am quite prepared to support that collective voice of science and scientific researchers in this country and reject new clause 25 and amendment No. 50, and I would urge the House to do the same.

I move on briefly to amendment No. 47. Several hon. Members intervened on the hon. Member for Enfield, Southgate (Mr. Burrowes), who admitted in one of his early utterances that the science is complex. Indeed it is. He then went on at great length just to give us an example of how complex it is, and I am grateful that he did. If I may say so, we have here a conflict with what the scientific community think about the effect of amendment No. 47. I will wait to hear what the Minister says. The Government believe that the intended effect of the amendment is covered by clause 4 as it stands. I will not enter into a dispute about that with Ministers, although other hon. Members have been prepared to do so this afternoon.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): If, however, it turned out from the right hon. Gentleman's own standpoint that the argument being advanced by my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes) was correct, and that the Government's protection in this case was not enough, would he be minded to support amendment No. 47?

Mr. Barron: When I first stood up, I said that I was minded not to support it, because of the scientific voice that expressed itself in the briefing that was sent to us and to other legislators from those four eminent areas of science. I was half hoping that the right hon. Member for Suffolk, Coastal (Mr. Gummer), who has held high office in the House and must have taken many Bills through Parliament, would tell us whether, as a Minister, he ever accepted an amendment from anybody on the basis that the content of the amendment was in the Bill anyway, and it would just strengthen that message. I am not too sure about that.

Mr. Gummer *indicated assent.*

Mr. Barron: Well, he should tell me if he has.

Mr. Gummer: The question before us is such that I do believe that I would have accepted such an amendment on it, for this reason. If there is a sufficiency of concern about a matter as serious as this—which in my case has been increased by the speech of the right hon. Gentleman, who would not give an affirmative answer to my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith)—then I would, as a Minister, wish to make it clear that the Government whom I represented were against the kind of cloning that we are talking about. Therefore I would of course have received and accepted such an amendment.

Mr. Barron: I do not know whether the right hon. Gentleman actually held any health portfolios, but that is a very brave thing for an ex-Minister to say from the Back Benches. I have never heard a Minister advocate that from the Treasury Bench in response to such a suggestion. I served on the Opposition Front Bench for many years, and did not get that type of acceptance for anything.

On that point, it is clear that the scientific community whose brief I quoted is happy with the situation. It is covered by regulation anyway.

On Second Reading—it seems such a long time ago—I said that the 1990 Act was not especially descriptive. There was no consensus outside or inside the House on many areas, so things were left out of that Act that people thought, rightly or wrongly, should have been in the legislation.

As I said on Second Reading, the 1990 Act has served this country and Parliament well, because it has allowed an open-minded approach and has supported the areas that have been difficult to debate on the Floor of the House. Support has been given by regulations and regulatory bodies such as the Human Fertilisation and Embryology Authority. I am confident in saying, both in the House and in my constituency, that we as legislators have a duty to bring about this way of improving medical science and research into such scientifically complex areas. However, we also have a duty to ensure that our regulations may cover any areas in which we are concerned that something could happen in the future so that if something does happen, regulations can take care of it.

Mr. Edward Leigh (Gainsborough) (Con): I support amendment No. 41, to which the hon. Member for Stroud (Mr. Drew) ably spoke, and which is the only amendment in the group that deals with a most significant ethical issue. Proposed new section 3ZA(5) of the 1990 Act constitutes a significant drafting error. When the Minister responds to the debate, I will be grateful if she addresses that error, which could undermine the very principle that the Government have always insisted is fundamental to the Bill: strict and comprehensive regulation.

Subsections (2) to (4) of proposed new section 3ZA say that there can be no alteration of the nuclear and/or mitochondrial DNA of a permitted egg, sperm or embryo. They say that eggs must have been

"produced by or extracted from…ovaries"

and sperm

"produced by or extracted from…testes".

They say that an embryo may not have other cells added that are not the "embryo's own cells", and that an embryo must have been created by fertilisation. So far, so good; one would think that the provisions were pretty clearly written.

Proposed new section 3ZA(5), however, could overturn every one of those safeguards. It says that to

"prevent the transmission of…mitochondrial disease",

regulations could make provision for "permitted" eggs and embryos that had had alterations to their nuclear and/or mitochondrial DNA, and need not have been created by fertilisation. Permitted eggs might not need to have been obtained from ovaries, nor sperm from testes, and permitted eggs and embryos might be allowed to be created using material from two women, and to have other cells added to them that were not the embryo's own cells.

This is not a narrow, technical drafting point. When one reads the two sets of provisions, an important hole opens up in the Bill. Proposed new section 3ZA(5) could, albeit in particular circumstances and subject to secondary legislation—I shall come to that in a moment—completely undermine every one of the stringent safeguards built into subsections (2) to (4) of the proposed new section, which are clear provisions that should reassure anyone reading the Bill.

This is important because clause 3(6) repeals the Human Reproductive Cloning Act 2001, which established the United Kingdom's complete ban on human reproductive cloning. If there is one thing on which all hon. Members agree, it is that we want the ban on human reproductive cloning to continue.

If we provide for regulations that would allow any method of preventing

"the transmission of…mitochondrial disease"

that is in proposed new section 3ZA(5), which I read out—we could create a loophole, through which a human reproductive cloning procedure could become permissible in law. Given how important this matter is, I am not sure whether that loophole should exist.

4.15 pm

The regulations, which would have the stated aim of avoiding the transmission of mitochondrial disease, could allow the nucleus of any cell from a "parent" with diseased mitochondria to be placed in a donated egg. The resulting child would be a clone. In one instant, the United Kingdom would move from having a clear ban on human reproductive cloning in primary legislation—we have had such a ban since 2001—to having the option to permit a form, albeit only a form, of reproductive cloning. And that would happen through secondary legislation. In other words, the Government would not have to come back to the House with primary legislation.

As I understand it—of course, when the Minister sums up, she can reassure me on this point—the clear ban on human reproductive cloning in the 2001 Act is being replaced by an ambiguous situation in which the Secretary of State has power to introduce a form of reproductive cloning by regulation if he or she so desires. Given that we have waited 20 years for the Bill, and that we will almost certainly have to wait another 20 for the next, that is a dangerous situation.

In their initial review of the Human Fertilisation and Embryology Act 1990, the Government stated that they

"did not intend to reopen debate on those fundamental aspects of the law that are widely accepted in our society or which have been recently debated and conclusively resolved in Parliament. These include the…prohibition of human reproductive cloning".

In another place recently, the Parliamentary Under-Secretary of State for Health, Lord Darzi, restated the Government's commitment to a ban on human reproductive cloning and claimed that the Bill

"maintains this position while superseding the provisions of the Human Reproductive Cloning Act 2001." —[*Official Report, House of Lords*, 2 June 2008; Vol. 702, c. WA11.]

That was the claim, but clearly—without the 2001 Act, which was clear, and under proposed new section 3ZA(5)—regulations could allow any method of avoiding the

transmission of mitochondrial disease, including a method that uses somatic cell nuclear transfer. That is what worries me, and some people outside the House.

The Government reassure the House that they have no intention of changing their view, and I accept that. I make this concession: I accept that at the moment, the Government have no intention of passing regulations in a form that would open up the loophole and allow the human reproductive cloning ban to be circumvented. However, it would be useful for the Minister to restate that. Section 3ZA(5) grants the same regulation-making power to future Secretaries of State. The Government simply cannot speak for future Secretaries of State; that is why we have primary legislation. If ever the Government want to change their policy in this area, we want them to come back to the House—to the elected representatives—and we want a chance to say, "No, we don't want to leave this extraordinarily vital ethical issue in the hands of a future Secretary of State."

Why is the Secretary of State so sure that secondary legislation initiated under proposed new section 3ZA(5) will close the loophole? Have the regulations been drafted already? Are the Government that far ahead of the game? I suspect not. Perhaps a copy of the regulations could be placed in the Library so that we could read it and have our fears put to rest. I suspect that no copy is available, and that it will not be placed in the Library. I suspect that we will pass the Bill without ever having had a chance to read the regulations. Far better to make sure that any alteration to the human reproductive cloning ban can be made only after the closest scrutiny by the public, and by parliamentarians acting on their behalf, in primary legislation.

If the Government are serious about maintaining the ban on human reproductive cloning, as they have repeatedly claimed—I accept that—why should they not support an amendment that enshrines that prohibition in their flagship primary legislation? That would at least be a signal that they could give the many of us who are worried about the Bill. They could make the situation absolutely clear in the Bill, as it was in the 2001 Act, and ensure that the ban could not possibly be tampered with by secondary legislation. Why can we not have that? Perhaps the Government will take this opportunity to state publicly why such an amendment would be detrimental to the spirit and intentions of the Bill. I do not think that it would be. Amendment No. 41 is not a wrecking amendment. It is completely in line with everything that the Government have said. I would have thought that the Minister could support everything that I have said so far.

If the amendment is not to be regarded as detrimental, surely the Government are prepared to commend it for identifying and rectifying a serious drafting error that threatens to make a mockery of their oft-repeated assurances that the foundational intention of the Bill is the creation of a rigorous regulatory regime encompassing all existent and hypothetical reproductive technologies. We all know that creating such a regime will be very difficult, but there is one issue on which both sides of the argument want absolute assurance from the Minister: there should be no loophole in the Bill through which some form of reproductive cloning could in future emerge. We are entitled to have that assurance from the Government because this ethical area is so vital.

Amendment No. 41 removes only that which the Government have insisted repeatedly they do not want: a means of permitting a form of human cloning for reproduction. The amendment retains that which the clause is specifically intended to permit—mitochondrial donation techniques. Amendment No. 41 also rectifies a further blunder caused by the dangerously loose wording of proposed new section 3ZA(5), which I have read out to the House. In replying, the Minister may wish to explain this problem. By providing for regulations allowing any—I stress, any—method of preventing the transmission of a mitochondrial disease, 3ZA(5) also opens up the possibility of legally altering human nuclear DNA as a means of preventing future transmission of mitochondrial disease. That, of course, would be germ-line genetic engineering—that is, human genetic modification. People should be concerned about that.

Clearly, the only appropriate vehicle for dealing with an issue of such magnitude would be primary legislation; I hope that we can all agree on that. The idea that such a serious issue could be dealt with sufficiently by affirmative resolution is ridiculous. Even the Bill's supporters have acknowledged that a significant problem exists because of the wording of proposed new section 3ZA(5), and that, in overturning the ban on mitochondrial DNA alteration, subject to regulations, the proposed new section—unintentionally, I accept—overturns a ban on nuclear DNA alteration. They say that the issue should be dealt with at a later stage. Here we are, at a later stage; in fact, it is the last stage. So far, however, the Government have refused to address the obvious discrepancies in the wording of the proposed new section. The House must rectify the Government's failures by amending that glaring fault in the Bill; that is what amendment No. 41 would do.

I am going to finish my speech in a moment, but before I do I should apologise for having been somewhat technical. I have had to read out closely what is in the various clauses of the Bill. However, I want to end with my personal view, and why I feel passionately about this issue. At the heart of all the debates on the Bill and of the technical arguments about these amendments appears to lie a point of view that in this country we are treating human embryos as things. I believe that human embryos are emphatically not just blobs of cells; they have the entire genetic make-up of a human being. I believe not that they are potential human beings, but that they are human beings with potential. Of course, they are microscopic—a grain of sand—and that is perhaps why we can view them as a spare part. However, when I thought of them as a microscopic grain of sand, as it were—as something that was not in any way recognisably human—I was reminded of this passage from Dostoevsky, the greatest poet of human nature. In addressing the brothers Karamazov, the prior of the monastery says:

> "Love all God's creation, the whole and every grain of sand in it. Love every leaf, every ray of God's light. Love the animals, love the plants, love everything. If you love everything, you will perceive the divine mystery in things. Once you perceive it, you will begin to comprehend it better every day. And you will come at last to love the whole world with an all-embracing love."

There is something very dangerous in what we will undoubtedly do today. We are making ourselves less than human, in a sense, by viewing one part of human creation as a thing, a spare part, which I believe is extraordinarily dangerous.

Dr. Evan Harris: I was not going to speak in this debate, but the comments of my hon. Friend the Member for Southport (Dr. Pugh) and those of the hon. Member for Enfield, Southgate (Mr. Burrowes) require a brief response.

First, we have amendment No. 49, which is in the name of my hon. Friend the Member for Southport. It would add the words "via cytoplasm" to the provisions of clause 3, and it touches on the issue raised by the hon. Member for Gainsborough (Mr. Leigh). The hon. Gentleman is correct: there is no longer an absolute ban in primary legislation on some of the things that the Government clearly intend to ban, because it requires the secondary legislation to be written, as I am sure that it would be, in such a way as to allow only those forms of treatment of mitochondrial disease that are caused by cytoplasmic factors, and only in such a way that there is no breach of the provisions and policies enunciated by the Government, namely that there will be no human reproductive cloning, or germ-line nuclear genetic amendment.

I have already said in an intervention on my hon. Friend the Member for Southport that it would be better for the primary legislation to state what it intends in purest terms. It is unfortunate that the Government have not found a way to do that. I believe that the Government said in Committee that they had tried to draft the legislation so that such practice would be restricted in such a way. I do not see why a phrase such as "via cytoplasm" or something similar would not be acceptable, at least to narrow the issue. I do not accept for a moment that the current wording opens the door to those things feared by my hon. Friend, but given the battle we have had to get to this stage, in which we have had to overcome people whipping up fear about what might happen—we have heard some rather dismal examples today—it would be better if the legislation were clear. It is unfortunate that it is not, and for that reason, I would support amendment No. 49.

The second issue relates to new clause 24, in the name of my hon. Friend the Member for Southport and others, which would ban the placing of human gametes into an animal. This was dealt with in Committee, thanks to my hon. Friend, and the Minister wrote a letter to him explaining why it is not considered necessary or appropriate to include such a provision. I agree with what the Minister said in that letter—I will not go into it because she may be planning to do that. In 1990, it was not considered necessary to include measures in legislation to ban the practice of inserting sperm into animals. That procedure is not part of science, and it is not appropriate for it to be dealt with in the Bill.

Moreover, valuable science is being done, as the Academy of Medical Sciences, the Medical Research Council, the Wellcome Trust and the Association of Medical Research Charities have said, involving the use of early germ-line cells in animal models to explore how they develop in a in-vivo system—in a living system. We cannot do that in humans for all sorts of ethical reasons, but we permit the practice, under tight regulation, in animals. We do so to explore what causes infertility and, for example, what the impact of certain types of chemotherapy might be on infertility. The Bill's drafting means, for good reasons, that "gametes" includes germ line cells at any stage of their development, including immature germ-line cells found in the ovary and the testes, which are subject to such experiments. One could list—but I will not do so—papers that have been published in peer review journals using such work, and I have no doubt that such work is being done in this country. My hon. Friend's new clause would prevent that work, and he accepted in Committee, on the record, that that would be an unintended consequences of what I describe as an unnecessary step. I hope that the House is reassured that the amendment is unnecessary, but if that does not make the argument, the speech that we heard from the hon. Member for Mid-Bedfordshire (Mrs. Dorries) put the fact that it would be inappropriate beyond any doubt.

4.30 pm

The third point is about the interesting issue that the hon. Member for Enfield, Southgate raises in amendment No. 47. We must accept—I hope that the Government will accept this—that it has not been possible to produce an exhaustive list of admixed embryo types. I do not believe that it is possible to do so; indeed, the Academy of Medical Sciences accepts in its paper that it is probably not possible. The Government have made the best attempt that they can and it is only right that we should accept that the list is not guaranteed to be exhaustive.

The hon. Gentleman's amendment is a good example of some of the debates that we could have, but that is why we have the HFEA. It is there to ensure that scientists understand that there is a need to fall within the regulations where at all possible. I cannot imagine any scientist in this country seeking to identify types that would not come before the HFEA, so that they could argue in a court of law, "Well, it's not human enough at the point at which we were seeking to implant it to be covered by the HFEA." That is not how science works.

Mr. Cash: To pursue that line of argument, does the hon. Gentleman not agree that exactly the same kind of argument that he is presenting was presented to me when I suggested that we would move into research into animal-human hybrids? That was 25 years ago, and now we are where we are. Does he recognise that because people have an enormous amount of knowledge, it does not follow that they will not later do things that are unacceptable to society as a whole?

Dr. Harris: It is certainly possible, but it is also possible that new primary legislation could be brought before the House if that was felt necessary, as happened over human reproductive cloning. In that case it was felt necessary to reassure the public through primary legislation that something that was not envisaged and not possible would also be illegal. So, we are not in an "It's now or nothing" situation.

Let me also deal with the issue of definitions. A huge amount of effort has been put in, especially by Members of the House of Lords and the Government Bill team, to try to find an appropriate definition. A tribute must be paid to Lord Mackay in particular, who has struggled, even though he was not necessarily a huge fan of the legislation to start with, to find a way to deal with the issue. The Government have engaged on the subject and done the best that they feel they can.

It would not be appropriate for the Government to argue—indeed, I hope that the Minister does not argue—that the list is definitive. However, it is as good as one

[Dr. Evan Harris]

can get while preserving the ability of scientists to do the research in a way that will be regulated. There is no scientist in the country who does not understand that such research will have to apply to the HFEA under one of the categories set out in the Bill.

There are two potential gaps, one of which the hon. Member for Enfield, Southgate mentioned. Proposed new section 4A(6)(e) talks about an embryo that does not fall within paragraphs (a) to (d) which

"contains both nuclear or mitochondrial DNA of a human and nuclear or mitochondrial DNA of an animal...but in which the animal DNA is not predominant."

The key question, however, is at what point we are talking about the animal DNA not being pre-dominant, because that could vary. The hon. Gentleman rightly said that the scientists pointed that out in evidence to the Committee. That is not a secret, which is why it would be appropriate for the Government not to recognise that the list is not perfect. Indeed, it cannot be perfect, but I argue that it is good enough.

That is one problem. The second problem is that even if the hon. Gentleman is right that the tetraploidal complementation process that he mentioned falls outwith the provisions, his amendment does not solve the problem. It is quite possible to have complementation that does not involve tetraploid cells. One could inject into a more developed, normal diploid embryo a less developed human embryo, which would then predominate, causing the original embryo to become the extra-embryonic endoderm and the trophectoderm—the stuff that forms the placenta—as has been done in mice. His amendment does not refer to such an entity, however. So the hon. Gentleman is merely demonstrating that the clause is never going to be perfect, but it is clear that anyone attempting to implant an entity which arguably does not fall within the definition in clause 4 will have to apply for a licence to the animal procedures committee to implant it.

When I spoke to the hon. Gentleman outside the Chamber, he conceded, I hope it is fair to say, in answer to my question, that if one created an entity with human cells in an animal envelope—I do not believe that that is likely outside HFEA regulation in any event, for reasons that the Minister will explain—a licence would still be needed to implant it into an animal. One cannot just grab a pig from a farm, drag it into a lab and implant something into it without a licence.

Mr. Gummer: As somebody who was responsible for that animal legislation, may I suggest to the hon. Gentleman that animal legislation is designed to protect animals and their welfare. One of our concerns must be, therefore, that it is not reasonable to use that legislation to deal with the problems under discussion. He may be right that that is not necessary, but it does not seem sensible to say that animal legislation of the kind that we have properly covers these circumstances. Surely if we find some gaps in the law, we might deal with those and make the law that much better. There may still be other gaps, but why is he not willing to accept that the gaps that have been identified should be covered now, rather than left to the organisation outside or to secondary legislation?

Dr. Harris: I am in almost 100 per cent. agreement with the right hon. Gentleman. It is possible that there are gaps in the definition. I hope the Minister will accept that that is the case and that it is necessary for ongoing work to be done. The academy has indicated a willingness to continue to do that work so that if, down the line, something that is not covered by these definitions is felt to be useful and therefore needs to be covered by the HFEA legislation in order not to fall completely outside or under animal procedures, amendments can be made to the legislation. That is a mature, sensible approach.

If amendment No. 47 closed all potential gaps, I would recommend supporting it. I have already demonstrated that it does not even close its own potential gap because it does not cover diploid complementation, as just one example. The Minister said in an intervention that the specific example that the hon. Member for Enfield, Southgate cited was covered by the Bill, presumably because at the relevant point the entity would not be predominantly animal—the embryo would be human and the animal cells would form the non-embryonic part of the entity. It would therefore fall under subsection (6)(e).

Dawn Primarolo: I am grateful to the hon. Gentleman for allowing an intervention. An application to the HFEA for a licence would have to be made at the outset if it was believed that the human DNA would become predominant, so it would be covered. Whether that was predominant at the start or whether its development would lead to its becoming predominant, a licence from the HFEA would be needed before the process started.

Dr. Harris: I leave that to stand. I would also say that if a scientist wanted to avoid a criminal charge, it would be wise to apply for a licence. Even if the scientist felt that the circumstance would not be covered by the definition, if it turned out to be covered, he would be liable under the Human Fertilisation and Embryology Act, as amended, which contains stiff penalties.

Although I have some sympathy with the broad point made by the hon. Member for Enfield, Southgate, his amendment No. 47 is not comprehensive, it does not deal with the gap that it is intended to cover. I will not support amendment No. 47, but I hope the Minister will agree that ongoing work is needed in order to ensure that if gaps emerge, they can be covered. That is what the scientists want and, as I understand it, that is what the Department of Health seeks as well.

DEFERRED DIVISIONS

Mr. Deputy Speaker (Sir Michael Lord): I now have to announce the results of Divisions deferred from previous days.

On the motion relating to the Political Parties and Elections Bill (Carry-over), the Ayes were 285, the Noes were 216, so the motion was agreed to.

On the motion relating to Competition, the Ayes were 424, the Noes were 64, so the motion was agreed to.

[The Division Lists are published at the end of today's debates.]

Human Fertilisation and Embryology Bill *[Lords]*

Question again proposed, That the amendment be made.

Ms Keeble: I had not intended to speak to this group of amendments—I was going to speak to a later one—but having heard the comments in the debate, I thought it only fair to explain why I support the Bill as it stands. I do so as someone who has both written on the subject and had in vitro fertilisation treatment—having seen it from both sides of the equation.

On the amendment proposed by the hon. Member for Enfield, Southgate (Mr. Burrowes), I completely agree with him that we do not know exactly where science will go, and that it is right to ensure that we do not have to keep coming back with primary legislation. He is right that we need to pass a Bill that is sufficient to deal with foreseeable developments in science.

Looking through the Bill as it stands, and having listened to the assurance of my right hon. Friend the Minister, I believe that we need broad principles of legislation to underpin how different bits of research should be regarded. We also need a regulatory body able to interpret the legislation and take decisions about applications that come before it. I am sure that my right hon. Friend will want to comment further on this later, but I believe that the Bill provides a framework that allows for the sort of experiments described by the hon. Member for Enfield, Southgate to be managed and properly regulated.

I share the concern of the hon. Member for Oxford, West and Abingdon (Dr. Harris) that a list of possible future developments might not be exhaustive. That might mean going back to see how the science has developed and providing legislation and regulations to cover the cracks. Our approach is right and I would expect the broad terms of the Bill to be sufficient to enable the Human Fertilisation and Embryology Authority to regulate in the desired areas.

I completely agree with my hon. Friend the Member for Stockton, South (Ms Taylor) that there are problems about the provision of infertility treatment, but I believe that we have one of the finest regulatory systems in the world. The HFEA has steered us through some very difficult times, sometimes with inadequate legislative tools. I hope that the Bill will deal effectively with a lot of the chinks. My constituents certainly want proper provision made for the regulation of these activities on the basis of sound ethical principles, and I think that the Bill provides that.

On the amendments to prohibit the mixing of gametes, I believe that they would be extremely damaging to the treatment of some forms of infertility. The Bill provides for the ability to mix gametes under licence. I would argue that the key issue is the mixing of gametes, not how the gametes come to be mixed. It is not about artificial insemination of an animal with human sperm; it is about the mixing of the gametes. That is the real issue and that covers mixing them by whatever form. If these amendments were accepted, it would make it harder to understand some of the processes involved in infertility and difficult to deal with certain forms of male infertility in particular.

Ms Dari Taylor (Stockton, South) (Lab): Does my hon. Friend accept that many of the fears expressed about ethics this afternoon stem from the fact that between 80 and 90 per cent. of the work done is done in private—with all the dangers that could attach itself to that fact? That is what people are worried about. Much of the work is not done within the NHS. Fears about ethics arise and worries remain because, however good the regulation governing the work in the NHS, much of the work is done in private.

4.45 pm

Ms Keeble: That is true, but I think that there are quite a few reasons why people are fearful about the process. One reason is that the idea of some creature that is part-human, part-animal—the example that is always given—is simply horrific. However, that is not on the cards, as the legislation clearly prevents it.

There is also the fact that because, as my hon. Friend says, this whole area of medicine has developed in the private sector, people tend to focus on the more exotic aspects. In reality, straightforward IVF is now a fairly standard treatment, although a difficult one because of the ethics involved. That is where the bulk of the interest and the bulk of the provision lie, which is why IVF treatment on the NHS is so important.

Mr. Bone: Does the hon. Member for Northampton, North agree that it is most unfortunate that Northamptonshire primary care trust does not provide more IVF treatment?

Ms Keeble: I entirely agree, although I believe that the PCT is now considering providing the three rounds of treatment, which is fantastic. All credit is due to that PCT.

The third argument that underpins quite a few discussions here concerns the nature of embryos and the way in which we think of them. That issue was raised by the hon. Member for Gainsborough (Mr. Leigh) when he quoted from "The Brothers Karamazov". In the section to which he referred, one of the characters undergoes a religious conversion and then talks about salvation through universal love. It is fine to have a religious view of embryos, and I am sure that many people have such a view, but what we are considering is a legal way of regulating experiments with embryos, and the legal status of embryos. That is different from having a religious view of them.

Much of the discussion of abortion and termination concerns the way in which we regard the foetus at the later stages of development, the strong feelings that people have as a child moves towards viability, and the status and respect that we should accord to that child in law. In the context of embryo research, we are dealing with the same debate, but in relation to the very early stages of development. Passions run as high in relation to those early stages as they do in relation to the later stages, for very obvious reasons.

The Bill sets out some good, straightforward provisions, under which the foetus starts to have a separate status at the time when the primeval streak develops. That is the point at which we should start to consider a different status for what was previously a cluster of cells. I want to say a little about that earlier stage as well. It is, I

[Ms Keeble]

think, very easy to say "This is a human being, but just in one or two cells"—and, of course, that is exactly what people will see if the pregnancy is wanted and planned, and would lead to a much-loved child. However, those who have been through the process of IVF, as I have, will know perfectly well, because they have had to learn the hard way, that it is not really the case at all.

People go through the process of wanting a baby, hoping for a baby, experiencing all the disasters, and then undergoing IVF treatment. On a screen in a private room they see a little blob, and someone says "That is a baby"— or they see that it is a baby. Then the one blob becomes two blobs, and sometimes it becomes four, and then it disappears, because it was never going to come to anything anyway. It might have had some potential for life, but that was never going to develop. It was only going to be one or two or four cells; they were not differentiating, and nothing was ever going to happen. We must take that into account in considering such groups of cells and in deciding what should happen to them and the status they should be accorded in law—and therefore the way in which we should then be able to manipulate them for the good of improving the prospects of in vitro fertilisation, as well as for understanding a bit more about the science of life and what make us human, and for understanding a little more about some of the appalling diseases and conditions that affect human beings and thus finding cures for them.

In talking about embryo research—about how we should be able to manipulate embryos and for how long, and how the regulations should work—we must understand that the people engaged in this work will have the most profound respect for life and for the process of human gestation and birth. Securing improvements in both outcomes for people who suffer from infertility and need IVF treatment and the conditions of people with appalling diseases will come, in part, from making sure that we have good regulation that enables our scientists to manipulate, and experiment with, these cells at this very early stage. That is why it is important that we pass this Bill in its current form, so that we make sure that our scientists and regulators are equipped with the tools they need to improve our science, our understanding of human life and people's prospects.

Mark Durkan: My hon. Friend says that scientists and clinicians must be equipped with the tools they need. Surely the tools they need include clear, solid legislation, so amendments that identify loopholes in this proposed legislation should be addressed. That is part of the process of our providing them with the tools. They are getting all the tools that the Government want them to get; it is just that some of them are shoddy and not fit for purpose, and we are trying to make sure that they are precision tools designed to reflect the will of Parliament.

Ms Keeble: As I have said, I do not agree. I think that the provisions that are currently set down have clear principles and ethics. The period of time in which embryos can be experimented on is clear, as are the terms for that. It is also clear that we have a regulatory body that can—

Mark Durkan: Is genetic modification clear?

Ms Keeble: I actually think that talking about GM in people is quite wicked, because it makes people think scientists are doing something that they are not doing. They are dealing with groups of cells at a very early stage. I have seen such groups of my own cells up on a screen, and I know that they will never come to anything and they are not at a stage where they are human—however much my hon. Friend might wish they were, they are not. What is important is that, with the right ethical principles, legal provisions and regulatory framework, it is possible for scientists to manage, experiment with and manipulate such cells within clear guidelines, so that they can improve the prospects for both the children who might be born through this process and the parents who will care for those children—there is very good provision on parenthood, which we probably will not have time to deal with—and also enhance the well-being of many people who suffer from appalling diseases. I completely support the Bill, and I do not agree with the amendments.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): May I say at the outset that I appreciate the contributions that have been made by the hon. Members for Southport (Dr. Pugh) and for Stroud (Mr. Drew), and by my colleagues the hon. Members for Enfield, Southgate (Mr. Burrowes), for Mid-Bedfordshire (Mrs. Dorries) and for Gainsborough (Mr. Leigh)? I wish to support their comments and indicate that DUP Members will support amendments Nos. 41, 47, 49, 50 and 73 and new clause 24.

I shall speak particularly to amendment No. 41. I ask the Government to see it as a positive contribution to the legislation, as are those suggested by the hon. Members whom I mentioned. They have sought to give the Government a basis on which they can tighten up some loopholes in the Bill. That is important, because if they are not tightened up, certain things will come back to haunt us.

The Government have stated that they do not wish to allow human reproductive cloning, do not want genetically modified babies to be brought to birth and certainly do not want part-animal, part-human hybrids to be born. There are differences among hon. Members about whether we should permit scientists to produce such embryos. For some of us, that is already a step too far. Once an embryo exists, the problem is what to do with it or what to allow others to do with it. There would be no danger of someone implanting a [illegible]ally modified embryo into a woman if they did not have the embryo in the first place. Do we want this technology? Perhaps that is an issue for another day. The point is that we should not ask about the disposal of something only after we have decided to make it. We should weigh that up before we go ahead and create it.

There are different views in the House and among the public at large about whether to allow the production of genetically modified, cloned and human admixed embryos. Nevertheless, I think that we all agree about implanting those embryos in a woman. The public is against that, and I believe that the House is too. Let me give credit where it is due: on admixed embryos the Bill is admirably clear, stating:

"No person shall place in a woman…a human admixed embryo".

That is simple and straightforward, with no qualifications, no licences and no exceptions. The law will not permit a human admixed embryo to be put into a woman in any circumstances. I hope that we can agree about that.

When it comes to cloned and genetically modified embryos, however, that admirable clarity is lacking. Instead there is an exception, which has created the loophole about which hon. Members have spoken. The Government should not be happy about that. Loopholes appear often enough after legislation has gone through the House, but it is hardly good practice to start with a loophole. Loopholes seldom get any smaller.

I am not one of those who suspect some dark conspiracy, and I do not believe that the Government are secretly planning to approve a project to bring a cloned or genetically modified child to birth. I do not believe that that is their intention, but the loophole exists because of the idea that some people have of a possible future fertility treatment for women with mitochondrial disease. The Government have allowed the loophole in response to that possibility. Amendment No. 41 would close it without precluding possible future approaches to mitochondrial disease. It would allow what the Government want to allow but close a dangerous loophole, and everyone in the House should be able to support it, even though it originated on the Back Benches rather than with the Government.

The amendment should not be controversial. It would cost the Government nothing and allow them to appear magnanimous. There is anxiety about some of the technology involved, and the greatest anxiety is about the idea that genetically modified, cloned or admixed embryos might be implanted and might develop into genetically modified, cloned or admixed children. The image that people have in their heads and that they find most abhorrent is of scientists producing GM babies, cloned adults or minotaurs.

5 pm

Ms Dari Taylor: I am most grateful to the right hon. Gentleman for giving way, Mr. Deputy Warden. Sorry—I meant Mr. Deputy Speaker.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): It sometimes feels like a prison.

Ms Taylor: It does; my right hon. Friend is quite right.

Does the right hon. Gentleman not accept that over the past 20 years, the Human Fertilisation and Embryology Authority—the regulatory authority in question—has controlled this complex and often fast-moving scientific area, ensured public confidence and become the envy of the world? Is he seriously saying to the House that it is prepared to throw that reputation away?

Mr. Donaldson: I thank the hon. Lady for her intervention. I am one of those people who prefer not to have wardens, deputy wardens or authorities such as the one that she mentions to protect something that I consider very important, and which the law itself ought to protect. That is the point of the amendment: the situation should be clear in law. We should not allow this loophole to remain, and the House has an opportunity today to deal with it.

If the Government wish to maintain public confidence, they should be clear about prohibiting those practices that the public most fear and which the Government have no intention of supporting. If they are not going to support them, let us make it clear in the law by closing this loophole to exclude such a practice.

Mark Durkan: I thank the right hon. Gentleman for giving way. The suggestion has just been made that we should rely on the HFEA jealously regarding and protecting its reputation. However, today we as a House have to guard the reputation of Parliament by doing our job and setting down fit, proper and competent laws. No one has yet been able to refute the fact that the loophole that has been identified does exist. Perhaps what we are considering is, as some Members have told us, an imperfect and incomplete attempt to close that loophole; nevertheless, it is an attempt, and it is Parliament's job to do that and to allow others to look after their reputations and jobs thereafter.

Mr. Donaldson: I very much appreciate the hon. Gentleman's intervention and he is absolutely correct: it is our job to ensure that the law is as watertight as possible on this issue, and we should not be relying on some authority to do that for us. It is the job of Parliament, so I encourage the House to support amendment No. 41.

Mr. Bone: It is a great pleasure to follow the right hon. Member for Lagan Valley (Mr. Donaldson), who makes a powerful point that I wish to reinforce in my short speech. It must be very frustrating for all the Members who want to speak to the next six groups of amendments that there is no time to discuss such important issues. That is the Government's fault entirely, and they should be ashamed of themselves. They could have allowed the House to sit through the night, so that everyone could have expressed their point of view on such an important matter. The Government's management of the House is quite appalling.

I want to support amendment No. 49, in the name of the hon. Member for Southport (Dr. Pugh), and amendment No. 41, in the name of the hon. Member for Stroud (Mr. Drew). Both amendments are concerned with proposed new section 3ZA(5) to the 1990 Act and are similar to amendment No. 46, to which I was a co-signatory but which was not selected.

Today, the House is considering Government legislation that is going to repeal the Human Reproductive Cloning Act 2001 and open a door for reproductive cloning to take place without the need for fresh primary legislation. Through subsections (2) to (4) of proposed new section 3ZA, the Government appear to place very tight restrictions on what type of embryos can be implanted in a woman. The problem arises, however, in proposed new section 3ZA(5)—a loophole that can overturn these restrictions. If the procedure in question is undertaken to prevent the transmission of serious mitochondrial disease, the provisions of proposed new sections 3ZA(2) to 3ZA(4) need not apply, and regulations could allow reproductive cloning and other types of designer babies.

In the Human Reproductive Cloning Act 2001, the Government outlined their position against the controversial technology. Reproductive cloning uses somatic cell nuclear transfer to create animals that are genetically identical.

[Mr. Bone]

It involves the transfer of a nucleus from a donor adult cell to an egg that has had its nucleus removed. The egg is then treated with either chemicals or electric current, and if it begins to divide normally, it is transferred into the uterus of the surrogate mother, where it will develop. A classic example of that process is Dolly the sheep.

Under the proposed new legislation, that process could be allowed to create human clones. Regulations could allow a nucleus to be removed from an adult cell from a woman with mitochondrial disease and to be placed in a donor egg with healthy mitochondria, and from there a clone could be produced. In such a case, it would not have the healthy mitochondrial DNA from the second woman. That procedure, which would not involve fertilisation and would remove the need for a man, was suggested some time ago in a report in the *British Medical Journal* as a potential way to treat mitochondrial disease. Under the Bill, the protection previously provided against this procedure by the 2001 Act would no longer be in place, as that Act is abolished by clause 3(6) and schedule 8.

Although the Government have regularly stated that they do not intend to use the Bill to allow reproductive cloning, the repeal of the 2001 Act would pave the way for scientists to use reproductive cloning to prevent the transmission of mitochondrial disease. No matter what the Government intend, some scientists would, unfortunately, welcome legislation allowing reproductive cloning and would look to use it to allow them to experiment with human life further. That problem could be avoided simply by removing proposed new section 3ZA(5).

The second issue that I wish to address is designer babies, one type of which is the "multi-parent" baby. To prevent mitochondrial diseases caused by faulty mitochondria from being passed to offspring, attempts are being made to make what the press have termed three-parent babies. What happens is either that a donor egg with healthy mitochondria with its nucleus removed is used to house the healthy nucleus from the egg with faulty mitochondria and this reconstructed egg is then fertilised by sperm through IVF, or that fertilisation occurs first, and is followed by nuclear transfer into an embryo with healthy mitochondria that has had its nucleus removed.

Regulations under proposed new section 3ZA(5) could permit those embryos to be placed into the uterus and allowed to develop into a baby. That would be a three-parent baby, created using DNA from three people; it would involve DNA from the nucleus of one woman's egg, the DNA from the mitochondria of the donor woman's egg and nuclear DNA from the father's sperm.

There is a third issue to address. As well as allowing three-parent babies and reproductive cloning, if the mitochondrial disease was caused by flaws in the nucleus, the loophole in proposed new section 3ZA(5) would also allow genetic engineering of nuclear DNA—*[Interruption.]*

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Gentleman. Far too much conversation is going on, and it is becoming intrusive. I would ask the House to listen to the remaining speeches in the debate.

Mr. Bone: The genetic engineering that I was discussing could happen by the insertion of healthy nuclear genes into a one-celled embryo, the modification of the embryo and the creation of healthy embryos. In other words, one would be selecting genes, inserting them into the nuclear DNA of an embryo and thereby designing the embryo that one requires. That would not only be creating a designer baby; it would create a strong precedent for other types of designer baby in future. All those three controversial procedures are banned under proposed new section 3ZA(2) to (4), but 3ZA(5) and clause 3(6) override those restrictions.

Baroness Royall has stated that

"the Government remain firmly committed to a ban on reproductive cloning."—[*Official Report, House of Lords*, 3 December 2007; Vol. 696, c. 1513.]

I do not doubt that, but the restriction should be included in primary legislation instead of relying on the word of the Government. The Department of Health itself accepts that the legislation contains a flaw that, in theory, makes it easier for the ban on reproductive cloning to be lifted.

The hon. Member for Oxford, West and Abingdon (Dr. Harris), the Liberal Democrat spokesman on science, was reported by Timesonline on 14 June as saying:

"It would be better, for the sake of consistency and reassurance, for the Bill to do what we all thought it would do, which is totally to ban human reproductive cloning in primary legislation."

I heartily agree with him, and he reinforced that point earlier in the debate. It would have been easy for the Government to have amended the Bill and made a commitment to ban reproductive cloning. If the Government really oppose reproductive cloning, why the loophole?

Mark Durkan: I support amendments Nos. 49 and 50, tabled by the hon. Member for Southport (Dr. Pugh), and Nos. 41 and 73, tabled by the hon. Member for Stroud (Mr. Drew). All the amendments in this group, including amendment No. 47, tabled by the hon. Member for Enfield, Southgate (Mr. Burrowes), and new clause 24, propose adding some words to the Bill to try to ensure that the law is clear and to reduce loopholes. None of them does any injury to what the Government and the supporters of the Bill say that they want the Bill to do. The amendments would not remove any of the provisions in the Bill. Those of us who had other views on those provisions lost that debate earlier this year. The amendments would address issues that are of concern not only for those who have reservations about this Bill, but, we were told, for those who support it.

Lo and behold, the Government are resisting amendments that are simply trying to ensure that the legislation fulfils their intentions—or what they say are their intentions. I have listened to other hon. Members speak in support of the amendments. We have been told that what they said was rubbish, that none of it was ever going to happen and that the amendments are therefore not needed. However, I also heard the hon. Member for Oxford, West and Abingdon make the point that the Human Reproductive Cloning Act 2001 was intended not to stop something that scientists intended to do, but to provide reassurance to the public. That is one role of legislation.

Even if hon. Members think that some of the concerns that the amendments are trying to address will not be realised, they must accept that those concerns are real.

They have been real enough for the Government to try to assure people, here and in the other place, that they will not materialise. Why should not legislation protect against any such possibility in the interpretation of regulations, either on the part of those who produce the regulations or those working under them? It is our job as primary legislators to ensure that those matters that should be covered in primary legislation are covered.

Mr. Cash: I hope that the hon. Gentleman will not misunderstand what I am about to say. He is right in what he is saying, but I am concerned that we will not reach the incredibly important amendments on licensing, consent and parenthood. It is not his fault, and I commend what he is saying, but I ask most earnestly that he allows us the chance to get on to those groups. We have been denied time by the Government, and there are winding-up speeches to come, so I ask him to be good enough to remember that those other matters should be at least voted on by the House.

5.15 pm

Mark Durkan: I fully respect what the hon. Gentleman has said. I shall not take long to deal with the amendments, as I shall not go through the detailed argument about the nature and reach of some of the loopholes. I am trying to deal with the arguments that have been made against the amendments, rather than getting into the substantive justification for them.

We are told that the Government want to ensure that there is not any reproductive cloning. In so far as clause 3 ensures that the new provisions will supersede the Human Reproductive Cloning Act 2001, is it wrong for the House to ensure that in superseding those provisions we ensure that there is no room for genetically modified children to be created? That is entirely reasonable. We are told that that is not the intention and that nobody wants to do it, so what is wrong with ensuring that such an action is clearly provided against in the Bill?

As for the various other amendments that have been tabled, we have been told that safeguards are already in place and that they are what is intended, and we have been absolutely reassured that the Human Fertilisation and Embryology Authority will pay full regard to and stand by certain standards. What is wrong with ensuring that those safeguards and standards are in the Bill as a way of reinforcing the confidence that we are asked to have in the HFEA?

John Mason (Glasgow, East) (SNP): I hasten to say that I speak in a personal capacity and not on behalf of my party, which has a free vote on these issues.

I rise to give my support to amendment No. 41, which is the only amendment before us today that would clearly ban human reproductive cloning. I think the issue deserves the fullest consideration by the House, although time is limited.

Let me state the obvious: the Scots are not clones of the English. Someone who is free makes their own decisions, while someone who is a slave has decisions made for them. Someone who is free makes their own future, while someone who is a slave is given a future and a set of expectations. Children sometimes live in the shadow of their parents but they must move out of that shadow and become themselves. Each child and each generation is always new, a particular mix never seen before. A child is never made to a pre-set design—unless, of course, the child is a clone.

A clone lives always in the shadow of the original. A clone is always a copy of or a replacement for someone else. What kind of start in life is it to be defined by the expectations of others from the start and to be thought of as a copy from the start? Of course, a cloned child would not really be a copy, as they would have their own wishes and aspirations, but they would start off as a copy. To make a clone is to make a child to be a copy, a slave to our expectations, and a commodity. We know what they will be like. If a clone of Margaret Thatcher were made, we would know what to expect, as we have seen it before.

I am sure that hon. Members know that Scotland has no desire to be isolated from the rest of the world. The people of Scotland want to take their place with the rest of the world. So when the United Nations declares that

"practices which are contrary to human dignity such as reproductive cloning of human beings shall not be permitted",

we welcome that. It is an expression of our common humanity. Whatever our nation or culture, there is one entrance into life and a common departure. We are all born and we will all die and there are some things we can say together.

Not everything that can be done should be done, and it is important for us as nations within the United Kingdom and as nations within the world community to draw strong lines in the sand to express what we have in common: our humanity, the basis of our human dignity and human rights. The United Kingdom has not yet ratified the Council of Europe convention on human rights and biomedicine, and Scotland is unable to ratify it. I suppose that it is thought to be too complicated for us. It has an additional protocol on the prohibition of cloning human beings that is clear and to the point:

"Any intervention seeking to create a human being genetically identical to another human being, whether living or dead, is prohibited."

That is something that I think that we should ratify. We should make common cause in Europe and say that we will not clone a child.

In 2001, there was a big debate in the House on the Human Reproductive Cloning Bill, which was narrow and tightly drawn—too much so for some hon. Members. It prevented the implanting of a cloned embryo in a woman, but it did not prohibit scientists from making cloned embryos or from taking them abroad, or from implanting in an animal or an artificial womb. However, the Bill at least assured people that no cloned baby would be born in the UK. It fulfilled a manifesto promise to outlaw reproductive cloning.

The Minister who introduced the Bill said that it

"encapsulates the views of the vast majority of British people who find the possibility of human reproductive cloning abhorrent."—[*Official Report*, 29 November 2001; Vol. 375, c. 1169.]

But now, less than 10 years later, that tight, narrow Bill, that statutory ban and clear bulwark against a slippery slope, is being repealed by clause 3 of this Bill.

I know that the rest of the wording of clause 3 is meant to achieve the same ban, and I am sure that is what the Minister will say, but it is widely acknowledged that provision 3ZA(5) removes that absolute ban in the pursuit of hopes of treatment for mitochondrial disease. That is why we must support amendment No. 41.

[John Mason]

A ban announced with great fanfare is being shelved as quietly as possible, without consultation or public debate. The promise that was once made seems to be turning into an empty promise. How can we trust the law that is being proposed? How can we trust this Government? Less than 10 years ago, we were promised a statutory ban on reproductive cloning, but now we find excuses, exceptions and an erosion of trust.

Elsewhere in the Bill is the creation of part-animal, part-human embryos—hybrid embryos. They would be created, we were told, purely for necessary medical research, and would never be implanted into a woman or an animal. We were told that there was no chance that any Government would allow such a creature to be born. The idea that a part-animal, part-human could ever be born has been called pure scaremongering and yet, less than 10 years ago, the very same things were said about cloning children. We were told that that would never happen and that there was a clear, tight law to which there could be no exceptions—but now the exceptions are beginning, and cloning a child is one huge step forward.

The Human Reproductive Cloning Act 2001 was brought in because people in this country and across the world regarded human cloning as an affront to human dignity. They considered it to be unfair to the child and to compromise the relationships of parent and child.

Mr. Cash: I appreciate that the hon. Gentleman has not been in the House for very long, but some of us hope to move on to two other groups of amendments. All hon. Members would like to speak for a considerable time, but will he be kind enough to take into consideration the fact that the other groups of amendments deal with hugely important questions of informed consent and parenthood? The House ought to have an opportunity to be able to divide on those issues.

John Mason: I totally accept the hon. Gentleman's point. The debate has been compressed into the impossibly short time of half a day, but those are the rules that we are playing to and I am the first person in my party to speak in the debate. However, I do accept his point and I will try to cut out some of my speech.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): The hon. Gentleman is new in the House, so may I give him some advice? He should take no advice on brevity or cutting his speech from the hon. Member for Stone (Mr. Cash).

John Mason: I appreciate that supportive comment, and I think that the hon. Member for Stone (Mr. Cash) was repeating himself when he made that intervention.

A House of Lords Select Committee report on stem cell research was clear on the case against human cloning, stating that the high risk of abnormalities rendered the scientific objections to human reproductive cloning overwhelming. I shall omit some of what I was going to say, but the Committee set out other strong ethical objections, and stated that it

> "unreservedly endorses the legislative prohibition on reproductive cloning now contained in the Human Reproductive Cloning Act 2001."

The Government have already lost the trust of the people of this country on the economy, crime and other things. The danger is not just that people will lose trust in the Government, but that they will lose trust in scientists and the regulation of science. The right hon. Member for Rother Valley (Mr. Barron) seemed to put great faith in the scientific community, but others have put great faith in the banking community and that was found to be misplaced.

If, instead of a clear and simple ban, the public are given subtle exceptions, they will see that their safeguard has been taken away—that there is no longer any line that stands between us and full reproductive cloning. They will think, and they will be right, that we are legalising reproductive cloning.

When the United Kingdom found itself in a minority in the UN on cloning, the then Health Secretary, the right hon. Member for Airdrie and Shotts (John Reid), complained bitterly:

> "It is a shame that the UN could not agree to a legally binding worldwide ban on reproductive cloning, simply because a small group of countries intransigently refused".

We lectured the world on how marvellous our law was and how important it was to have a legally binding ban, and yet the same Government are about to overturn our own ban on cloning, with not so much as a public debate.

This little exception will put a hole in the dam; it will breach the defence. If one exception is made, who in this House believes that it will be the last exception, or that things will remain there? If we make this exception, we repeal the Act and suddenly the line is crossed, and if this line is crossed there are no other lines. If we pass this law there will be clones. If we pass this law we will be even more isolated from the common humanity of the rest of the world. If we want to stop something happening, we must have a law against it, a clear law, a straightforward law that people can understand—no exceptions, no thin end of the wedge, no foot in the door. We need to keep the clear law that says we will not go there—we want to help parents but we will not sacrifice children. We will not make children to order; we will not make children to a pre-existing blueprint. We will not have clones.

To conclude, we value democracy, we value independence not because we will always make a better job of it—though we think we will—but because they are our decisions. G.K. Chesterton said that democracy was like tying one's own shoe laces; it is part maturity—maturity of an individual, maturity of a nation.

I commend to this House and especially to Labour Back Benchers that they defy the Whip, for the sake of the country, for the maintenance of trust in science and for the sake of the people. I say, "Do not go back to your constituents and explain why you voted to allow reproductive cloning; go back and say why you upheld the ban. Please support amendment No. 41."

Mr. John Hayes (South Holland and The Deepings) (Con): It is a pleasure to follow the hon. Member for Glasgow, East (John Mason), particularly as he quoted Chesterton, who is too rarely quoted in the House. My

hon. Friend the Member for Gainsborough (Mr. Leigh) spoke about the godly extension of love having a worldwide effect. Chesterton said:

"Those thinkers who cannot believe in any gods often assert that the love of humanity would be in itself sufficient for them; and so, perhaps, it would, if they had it."

This debate, on these amendments, has obliged the House to consider how we define human life and how we regard humanity, as the hon. Member for Glasgow, East said.

Surely humanity means that we regard other human life as we regard our own. Such is the ethics of humanity. So it is our shared humanity that distinguishes us from animals; that determines how we should behave to one another; and determines especially that we should not deliberately distort the lives, or expedite the deaths, of fellow humans, whether those fellow human beings are born or unborn. There has been too little debate in this House about that definition of human life in relation to the Bill, too little clarity about the nature of human life, as my hon. Friends the Members for Enfield, Southgate (Mr. Burrowes) and for Gainsborough identified.

It seems to me that the expectation of living human beings and the unborn—those incapable of conscious choice—is the same because of their shared humanity, and that is the prevailing view that should underpin our considerations of this Bill and these amendments to it. Each person is bound to respect the humanity of others, as they are bound to respect their own humanity. But humanity, or that view of it, is under great threat.

The work of Peter Singer, a moral philosopher who is now at Princeton, is most important, in contextual terms. For Singer, the ethics of humanity is objectionable because it amounts to what he calls "speciesism". We have heard a great deal about the blend of animal materials and human cellular materials. Of course, if one does not believe the orthodox view of how to define humanity, and if one defines it around the idea of personhood, when personhood itself is defined by the ability to exercise autonomy and choice, it becomes entirely permissible to manipulate human cellular material in the way the Bill will allow.

5.30 pm

It is not self-consciousness, capacity for reason or autonomy that make us human, but something altogether more fundamental. All that the amendments would do is introduce greater clarity. Of course science matters, and of course scientific research is important, but, frankly, morals matter more. We should not define human cellular material in such speciesist terms. We should certainly not abandon our orthodox assumptions about those things that bind us together, born or unborn.

A great Jewish theologian said:

"A religious man is a person who holds God and man in one thought...at all times...Whose greatest passion is compassion...Whose greatest strength is love and defiance of despair."

The Bill marks the malign abandonment of those values. By confusing or avoiding the definition of what is, or what is not, human, and by blurring the fundamental and profound ethical divide between ourselves and animals, it does immense damage to our humanity. It will do little for the reputation of the House among a wider public who will be bemused that we can consider some of the things that the Bill will make permissible and some of the things that will result from its extension.

The winding-up speeches are about to begin, so I will bring my remarks to a conclusion by repeating that science matters, but morals matter more.

Mark Simmonds (Boston and Skegness) (Con): The House will be delighted to hear that I will savagely reduce and synthesise my remarks to give the Minister as much time as possible to respond to our important debate. However, first I must say that the debate has demonstrated that the programme order is a disgrace and a misuse of parliamentary procedure, given that many significant amendments that should have been considered have been completely negated.

The Minister needs to clarify whether the insertion of the word "cytoplasm", as proposed in amendment No. 49, which was tabled by the hon. Member for Southport (Dr. Pugh), would introduce an additional safeguard against the manipulation of nuclear DNA. The right hon. Lady also needs to reaffirm the commitment that she made in Committee that future regulations would not be introduced to extend mitochondrial manipulation to the nucleus and that that could be achieved only by primary legislation. I assure the House that when Conservative Members are in government, we will not allow human reproductive cloning by regulation.

The Minister needs to explain in detail how the Human Reproductive Cloning Act 2001, which bans reproductive cloning, is replicated in the Bill. Why does clause 3(6) use the word "superseded"? If it is correct that there are loopholes in the Bill, as we have been told, the Bill does not supersede the 2001 Act.

It is thought that amendment No. 41, which was tabled by the hon. Member for Stroud (Mr. Drew), should prohibit future Governments from permitting reproductive cloning. We have heard the Government's reassurances that they would never pass regulations to permit that—a Conservative Government would not do so—but if a form of wording could be included in the Bill to ensure that that could never happen, the Government should work to find it. It is not acceptable to leave that to regulation.

Clearly, one of the challenges in the Bill concerns the balance between primary legislation and regulation. One of the reasons why the Bill is before us today is that medical technology has advanced. The Bill is partly about updating the Human Fertilisation and Embryology Act 1990. The onus is on the Minister and the Government to show that amendment No. 41 is harmful. It has been cleverly drafted so as not to interfere with mitochondrial donation techniques. It would prevent the legalisation of only those techniques that there is a strong public and international consensus against.

My hon. Friend the Member for Enfield, Southgate (Mr. Burrowes) made a passionate, interesting, detailed speech that demonstrated key, fundamental understanding of the issues. He highlighted a potential—I use the word advisedly—loophole relating to the technological advances in question. Of course, there cannot be an exhaustive list. There was a great debate in the other place about that. However, the Minister needs to understand, and to clarify today, the interaction between the Bill, the 1990 Act that the Bill amends, and the Animals (Scientific Procedures) Act 1986. She needs to say which piece of legislation will be responsible for

[Mark Simmonds]

which licence, and whether one is more permissive than another. If it is, she must say whether the Government will consider tightening the relevant licensing procedures.

Again, amendment No. 50 and new clause 24 were tabled by the hon. Member for Southport. The right hon. Member for Lagan Valley (Mr. Donaldson) was absolutely right to say that the Bill prohibits admixed embryos being placed in an animal. If there were a total ban, however, it would clearly affect mitochondrial technological advancements, and I am in favour of those advancements. Members need to understand that mixing human and animal gametes has taken place for some considerable time. The right hon. Member for Rother Valley (Mr. Barron) and the hon. Member for Oxford, West and Abingdon (Dr. Harris) made the point clearly that there have been significant advances in infertility research because of what has been called the hamster test. Hon. Members need to be very careful about trying to ban and prohibit any mixture of animal and human gametes.

Dr. Pugh: Will the hon. Gentleman give way?

Mark Simmonds: I will not, if the hon. Gentleman will forgive me, because I want to give the Minister time to respond. Common themes have emerged today. First, it is clearly the view of many Members, on all sides of the debate, that there are potential loopholes that may need to be closed. Secondly, it is vital to get the balance between primary legislation and regulation correct. I suspect that the Minister will have to address that clearly. The key element that we must not lose sight of as we discuss this part of the Bill is the fact that the special status of the embryo must be put above everything else. That must not be lost in our debate.

Dawn Primarolo: I start by saying clearly—I will return to this point, as the hon. Member for Boston and Skegness (Mark Simmonds) asked me to—that the Bill sets out a clear prohibition on human reproductive cloning and the genetic modification of gametes or embryos that are to be used for treatment purposes. It does that through the provisions set out in clause 3. At the end of my comments on the amendments, I will return to the subject to lay that out clearly.

Amendments Nos. 41, 49 and 73 seek to restrict the provisions in the Bill that aim to prevent the transmission of mitochondrial diseases. Research is currently being carried out, under a Human Fertilisation and Embryology Authority licence, on ways to avoid those devastating diseases. To remind ourselves, we are talking about dementia, respiratory problems, gastro-intestinal disorders, stroke and brain atrophy. In recognition of the severity of those conditions and the potential for such research to provide effective treatment, the Bill provides, through a regulation-making power, for eggs or embryos that have had applied to them a specific process enabling them to avoid serious mitochondrial diseases to be considered "permitted". They can therefore be used in treatment. The particular process and the circumstances in which that would be appropriate would be detailed in regulation. I take the caution given by the hon. Member for Oxford, West and Abingdon (Dr. Harris) about acknowledging the sensitivities and difficulties in that area.

The safety of using the techniques has not yet been established. They would need to be assessed carefully before being deployed as options for patients in treatment. The regulating power would allow for that consideration through a full consultation, to gather the views of the public, ethicists and relevant stakeholders on the appropriate use of using donor eggs for that purpose. For example, as some hon. Members have pointed out today, and as has been raised in the House before, there would need to be consideration about the status of the egg donor if donations from which only the mitochondria is used were made.

In addition to the public consultation, we believe that Parliament should not be asked to decide on this issue now, for precisely the reasons that have been mentioned: the facts should be before Parliament before it makes a decision. It should be asked to take the decision only when all the facts are clearly available.

Amendment No. 41 seeks to limit the regulating powers so that embryos or eggs that have undergone cell nuclear replacement could not be permitted for use in treatment. Following debate in another place and in this House, the Government carefully considered the drafting of proposed new section 3ZA of the Human Fertilisation and Embryology Act 1990, and whether it needed to be amended.

After careful consideration, the Government's view is that the drafting is clear and does not require amendment. The precise process by which mitochondrial diseases may be treated is not yet clear, and amendment to the regulating powers would inadvertently risk and reduce the scope and the process for treatments to be allowed. Secondly, the regulation-making power is limited to the treatment of mitochondrial diseases only. Thirdly, the regulations would be subject to considerable public consultation and then to debate in Parliament. That would enable all the concerns to be raised. In taking that forward, the Government are balancing the need to have the facts before taking decisions with the recognition that the power is about helping couples conceive a child that is genetically theirs, but without the fatally flawed mitochondria that affect the maternal line. That is the balance that we are trying to strike; we have left things open for further consideration. That is why we are proceeding as we are.

Mr. Drew: I hear what my right hon. Friend says, but does she understand the concerns that some of us have? We are being asked to trust the Government, and, more particularly, to think that any future regulation, over which we would have no control through primary legislation, will be fit for purpose. In the context of these issues, that is quite a leap of faith.

Dawn Primarolo: I am asking my hon. Friend to think about being involved in the consultation, participating in the public debate and improving the draft regulations if and when they come forward. He should then fully participate in an affirmative resolution debate in the House before the regulations are passed. I am asking hon. Members to think—and that is a reasonable thing to do.

Amendment No. 49 seeks to limit the regulating power so that only embryos or eggs that have been subjected to processes to prevent the transmission of mitochondrial diseases through cytoplasm could be

permitted for use in the treatment. I absolutely understand and appreciate the intention behind it. I have to say, however, that the amendment is ambiguous—a point that has been touched on in the debate. Everything in a cell could be considered to be cytoplasm, including the mitochondria and the nucleus, and restricting regulating powers to prevent the transmission of serious mitochondrial diseases via the cytoplasm would not necessarily achieve the aim of excluding transmission via the cell's nucleus. For that reason, there was no need to put the amendment before the House.

5.45 pm

There are other more appropriate ways in which mitochondrial disease transmitted via a cell's nucleus could be treated. We are looking specifically, through pre-implantation, at genetic diagnosis of the embryo. On that basis, I hope that the hon. Member for Southport (Dr. Pugh) will accept that we are attempting to strike the right balance, while leaving open the final decisions until the information is available and this House has taken a final view, following consultation.

Amendment No. 73 would prevent any research from being undertaken in the UK the purpose of which is to develop techniques of germ-line genetic modification. It would have the effect of prohibiting research projects from being licensed by the Human Fertilisation and Embryology Authority where the purpose of the research was to develop techniques for the genetic modification of human embryos. In addition, the amendment would restrict the regulation-making power to prevent the research. We are not aware of any researcher who would want to undertake such research, particularly in the light of the international agreements in place to prevent such activities from being applied for reproductive purposes. The Bill clearly sets out a prohibition on the reproductive application of such practices, and any research licensed by the HFEA would also need to satisfy the criteria that the use of embryos was necessary for the research, and that the research was necessary or desirable.

Amendment No. 50 and new clause 24 would introduce a regulating power that requires the Secretary of State to make it an offence to place human gametes in an animal. The Bill does not change the legal position achieved by the 1990 Act, which made no prohibition on the artificial insemination of an animal with human sperm. Such a prohibition was believed unnecessary at the time because of the inability for humans and animals to produce offspring successfully. Equally, the 1990 Act legislated on the creation of human embryos in vitro and on reproductive services. The subject matter was very different from that of the artificial insemination of animals. Since 1990, our knowledge of the ability of humans and animals to procreate has not changed, and there is still no published evidence to suggest that any insemination of an animal with human sperm, whether as part of a scientific study or not, has resulted in pregnancy. Members touched on the regulations that exist and support the legislation in the Animals (Scientific Procedures) Act 1986. The Government believe that the combination of the existing legislation in this area is sufficient, and we are not aware of any developments that require revision of that position.

Amendments Nos. 51 and 52 relate to the regulation-making powers in the Bill to extend and alter its definition of embryo, eggs, sperm, gametes and human admixed embryos. They provide that those powers can be used by the Secretary of State only on condition that they are necessary and desirable. It is important that hon. Members understand exactly how that would interact with the rest of the Bill.

Amendment No. 47 has been substantially debated this afternoon with regard to a definition of human admixed embryos that include a catch-all category. That category refers to an embryo containing both human and animal DNA in which the DNA of the animal does not predominate. In other words, those embryos are more human than animal. I touched on the conditions under which a licence would have to be sought in an earlier intervention.

Amendment No. 47 refers to embryos containing human and animal cells created by a process of tetraploid complementation. In the type of embryo created by the process to which the amendment refers, the cells of an early animal embryo are altered, so that they contain twice the usual complement of DNA. Such cells are destined to give rise to only extra-embryonic tissue. When placed with those altered animal cells, human cells would give rise to the embryo proper, because the animal cells are capable of forming only extra-embryonic cells. The implantation of the embryo created in that way is therefore prohibited by the Bill.

Amendment No. 47 seeks to add a further category to the existing categories. Hon. Members have talked about their fear of a loophole that needs to be closed. In looking at the range of issues that have been raised, the Government believe that the embryo created by the process that I have described should be considered as a human admixed embryo, which is regulated under the definition in proposed new section 4A(6)(e) of the 1990 Act, so there is no loophole.

In conclusion, let me return to the point about cloning. The Government are absolutely clear that we are committed to banning human reproductive cloning, and the Bill continues to provide for that.

Mr. Devine: Will my right hon. Friend place it on record that the Bill has nothing to do with Stalinist or Nazi tests, which is what we heard from the Opposition earlier?

Dawn Primarolo: Hon. Members know that the Bill is about helping the one in seven couples who need assistance with their fertility. It is about research to deal with the dreadful diseases and the debilitating attacks on their health from which many in our society suffer. The Bill is about combining science with an ethical framework that works on behalf of humankind, and I think that the House knows that.

The provisions of the Bill continue to prohibit reproductive cloning and retain the existing penalty of up to 10 years in prison for anyone attempting reproductive cloning. I say this to all hon. Members, whatever their fears: please be reassured that the penalty is there. The prohibition continues. The Bill contains specific powers to allow the House to return, when the information is there and the consultation has been completed, in order to be clear about whether we would permit any further expansion in that area of research.

We have had a long and extremely important debate. Much of the ground has been covered in previous debates. It is always important to clarify the Government's intentions. Every Member of the House has a free vote

[Dawn Primarolo]

tonight. I urge them to support the Bill and to reject the amendments, as the best way forward to ensure that science prevails in an ethical framework that is acceptable to the House.

Question put, That the amendment be made:—

The House divided: Ayes 215, Noes 299.

Division No. 284] **[5.55 pm**

AYES

Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benton, Mr. Joe
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Borrow, Mr. David S.
Brady, Mr. Graham
Brake, Tom
Brokenshire, James
Brooke, Annette
Browne, rh Des
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chapman, Ben
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Connarty, Michael
Conway, Derek
Cooper, Rosie
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Flello, Mr. Robert
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Herbert, Nick
Hermon, Lady
Hillier, Meg
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Helen
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keetch, Mr. Paul
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Mason, John
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Owen, Albert
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Pope, Mr. Greg
Pound, Stephen
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reed, Mr. Andy
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Smith, Sir Robert
Soames, Mr. Nicholas
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Ms Gisela
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Taylor, David
Teather, Sarah
Thurso, John
Touhig, rh Mr. Don
Turner, Mr. Andrew
Twigg, Derek
Walker, Mr. Charles
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Sir Nicholas

Tellers for the Ayes:
Ann Winterton and Mrs. Nadine Dorries

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baldry, Tony
Balls, rh Ed
Barker, Gregory
Barlow, Ms Celia
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen

Burnham, rh Andy
Butler, Ms Dawn
Butterfill, Sir John
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Carswell, Mr. Douglas
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Kenneth
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Curry, rh Mr. David
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Duncan, Alan
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
Garnier, Mr. Edward
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hammond, Stephen
Hanson, rh Mr. David
Harvey, Nick
Havard, Mr. Dai
Healey, John
Hendry, Charles
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horwood, Martin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lammy, Mr. David
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McFadden, Mr. Pat
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Mr. George
Ottaway, Richard
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prisk, Mr. Mark
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simmonds, Mark
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Swire, Mr. Hugo
Tami, Mark
Taylor, Ms Dari
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Tredinnick, David
Tyrie, Mr. Andrew
Ussher, Kitty
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Claire Ward and Steve McCabe

Question accordingly negatived.

It being after Six o'clock, MR. SPEAKER *then proceeded to put the Questions necessary for the disposal of the business to be concluded at that hour, pursuant to Order [this day].*

Amendment proposed: No. 41, page 3, line 26 , at end insert—

'(5A) Regulations made under subsection (5) may not provide for an egg or embryo whose nuclear genetic material has been altered by genetic modification, or whose nucleus has been replaced by the nucleus of a somatic cell, to be a permitted egg or a permitted embryo.

(5B) In this section, "genetic modification" includes the alteration of the nuclear genetic material of an egg or embryo by—

(a) recombinant nucleic acid techniques which change the DNA sequence of nuclear chromosomes of the egg or one or more cells of the embryo, or

(b) the introduction into the egg or into one or more cells of the embryo of a stably-maintained artificial chromosome, virus or plasmid.'.—*[Mr. Drew.]*

Question put, That the amendment be made:—

The House divided: Ayes 206, Noes 298.

Division No. 285] **[6.8 pm**

AYES

Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benton, Mr. Joe
Benyon, Mr. Richard
Blunt, Mr. Crispin
Bone, Mr. Peter
Borrow, Mr. David S.
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, rh Des
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cash, Mr. William
Challen, Colin
Chapman, Ben
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Connarty, Michael
Cooper, Rosie
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, rh Mr. Frank
Field, Mr. Mark
Flello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Garnier, Mr. Edward
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hillier, Meg
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Helen
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Knight, rh Mr. Greg
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Marsden, Mr. Gordon
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCrea, Dr. William
McDonnell, Dr. Alasdair
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Owen, Albert
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Pope, Mr. Greg
Pound, Stephen
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reed, Mr. Andy
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Singh, Mr. Marsha
Smith, Sir Robert
Soames, Mr. Nicholas
Stuart, Ms Gisela
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Teather, Sarah
Timpson, Mr. Edward
Touhig, rh Mr. Don
Turner, Mr. Andrew
Twigg, Derek
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy

Tellers for the Ayes:
Mr. Brian Binley and Mr. David Burrowes

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Barker, Gregory
Barlow, Ms Celia
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Blackman, Liz

Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Butler, Ms Dawn
Butterfill, Sir John
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Carswell, Mr. Douglas
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Kenneth
Cleiland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Curry, rh Mr. David
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horwood, Martin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Iilsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Ottaway, Richard
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Tredinnick, David
Tyrie, Mr. Andrew
Ussher, Kitty
Villiers, Mrs. Theresa
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Claire Ward and Steve McCabe

Question accordingly negatived.

Clause 4

PROHIBITIONS IN CONNECTION WITH GENETIC MATERIAL NOT OF HUMAN ORIGIN

Amendment made: No. 4, page 4, line 8, leave out 'the keeping or using of' and insert 'keeping or using'.—*[Dawn Primarolo.]*

Amendment proposed: No. 47, page 4, line 37, at end insert—

'(f) an embryo created by combining pluripotent or totipotent human cells with animal embryonic cells in which the latter have been altered so as to contain double the number of chromosomes, or in which the animal cells have been otherwise altered to become largely or entirely extra-embryonic tissue.'.—*[Mr. Burrowes.]*

Question put, That the amendment be made:—

The House divided: Ayes 194, Noes 306.

Division No. 286] **[6.22 pm**

AYES

Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benton, Mr. Joe
Benyon, Mr. Richard
Binley, Mr. Brian
Bone, Mr. Peter
Borrow, Mr David S.
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, rh Des
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cash, Mr. William
Chapman, Ben
Chope, Mr. Christopher
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Connarty, Michael
Cooper, Rosie
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, rh Mr. Frank
Field, Mr. Mark
Flello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goodman, Mr. Paul
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Gwynne, Andrew
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendrick, Mr. Mark
Hendry, Charles
Herbert, Nick
Hillier, Meg
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Helen
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Knight, rh Mr. Greg
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Marsden, Mr. Gordon
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCrea, Dr. William
McDonnell, Dr. Alasdair
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Owen, Albert
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pope, Mr. Greg
Pound, Stephen
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reed, Mr. Andy
Reid, Mr. Alan
Reid, rh John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Singh, Mr. Marsha
Smith, Sir Robert
Soames, Mr. Nicholas
Stuart, Ms Gisela
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Teather, Sarah
Timpson, Mr. Edward
Touhig, rh Mr. Don
Turner, Mr. Andrew
Twigg, Derek
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Mark
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Wright, Jeremy

Tellers for the Ayes:
Anne Main and David Taylor

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin

Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Butterfill, Sir John
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Kenneth
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Curry, rh Mr. David
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Djanogly, Mr. Jonathan
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horwood, Martin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lait, Mrs. Jacqui
Lamb, Norman
Lammy, Mr. David
Lansley, Mr. Andrew
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Olner, Mr. Bill
Osborne, Mr. George
Ottaway, Richard
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prisk, Mr. Mark
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simmonds, Mark
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Tredinnick, David
Tyrie, Mr. Andrew
Ussher, Kitty
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Wiggin, Bill
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Steve McCabe and Claire Ward

Question accordingly negatived.

Mr. Cash: On a point of order, Mr. Speaker. We have just witnessed an unbelievable disgrace to Parliament in the way in which this matter has been handled by the Government through the programme motion. I wish to put on record the fact that vulnerable people and others with mental incapacity will not be allowed to have their views put properly across in the debate. It is a complete disgrace that we have been treated in this way by the Government.

Mr. Speaker: The hon. Gentleman has been here long enough to know that that is not a matter for the Chair.

Amendment made: No. 5, page 5, line 3, after 'but', insert '(except in subsection (9))'.—*[Dawn Primarolo.]*

Clause 14

CONDITIONS OF LICENCES FOR TREATMENT

Amendments made: No. 6, page 9, line 35, leave out 'being treated' and insert 'mentioned in subsection (6A)'.

No. 7, page 9, line 38, leave out 'to be treated' and insert 'mentioned in subsection (6A)'.—*[Dawn Primarolo.]*

Clause 29

OFFENCES UNDER THE 1990 ACT

Amendments made: No. 75, page 33, line 6, at end insert—

'( ) In subsection (7), for "section 10(2)(a)" substitute "section 19B(3)(a) or 20B(3)(e)".'.

No. 76, page 33, line 11, leave out '(7) or'.

No. 77, page 33, line 42 , leave out ', (6) and (7)' and insert 'and (6)'.—*[Dawn Primarolo.]*

Clause 30

REGULATIONS UNDER THE 1990 ACT

Amendment made: No. 8, page 34, line 35, at end insert—

'section 20A(3);

section 20B(2)'.—*[Dawn Primarolo.]*

Clause 37

THE AGREED FATHERHOOD CONDITIONS

Amendment made: No. 9, page 37, line 42, at end insert—

'( ) A notice under subsection (1)(a), (b) or (c) by a person ("S") who is unable to sign because of illness, injury or physical disability is to be taken to comply with the requirement of subsection (2) as to signature if it is signed at the direction of S, in the presence of S and in the presence of at least one witness who attests the signature.'.—*[Dawn Primarolo.]*

Clause 43

TREATMENT PROVIDED TO WOMAN WHO AGREES THAT SECOND WOMAN TO BE PARENT

Amendment made: No. 10, page 40, line 31, leave out 'she' and insert 'W'.—*[Dawn Primarolo.]*

Clause 44

THE AGREED FEMALE PARENTHOOD CONDITIONS

Amendment made: No. 11, page 41, line 23, at end insert—

'( ) A notice under subsection (1)(a), (b) or (c) by a person ("S") who is unable to sign because of illness, injury or physical disability is to be taken to comply with the requirement of subsection (2) as to signature if it is signed at the direction of S, in the presence of S and in the presence of at least one witness who attests the signature.'.—*[Dawn Primarolo.]*

Clause 46

EMBRYO TRANSFERRED AFTER DEATH OF CIVIL PARTNER OR INTENDED FEMALE PARENT

Amendment made: No. 12, page 41, line 42, leave out 'the woman' and insert 'W'.—*[Dawn Primarolo.]*

Clause 50

MEANING OF REFERENCES TO PARTIES TO A CIVIL PARTNERSHIP

Amendment made: No. 13, page 44, line 26, leave out third 'the' and insert 'any'.—*[Dawn Primarolo.]*

Clause 55

PARENTAL ORDERS: SUPPLEMENTARY PROVISION

Amendment made: No. 14, page 48, line 17, leave out 'relating to' and insert 'about'.—*[Dawn Primarolo.]*

Clause 59

SURROGACY ARRANGEMENTS

Amendments made: No. 15, page 49, line 34, after first 'any', insert 'reasonable'.

No. 16, page 49, line 37, after 'any', insert 'reasonable'.

No. 17, page 50, line 1, after first 'any', insert 'reasonable'.

No. 18, page 50, line 3, after 'any', insert 'reasonable'.

No. 19, page 50, line 5, at end insert—

'(2C) Any reference in subsection (2A) or (2B) to a reasonable payment in respect of the doing of an act by a non-profit making body is a reference to a payment not exceeding the body's costs reasonably attributable to the doing of the act.'.—*[Dawn Primarolo.]*

Clause 64

POWER TO MAKE CONSEQUENTIAL AND TRANSITIONAL PROVISION ETC.

Amendment made: No. 20, page 51, line 42, at end insert—

'( ) An order under this section which modifies an enactment in consequence of any provision of Part 2 may modify subsection (5) of section 53 (interpretation of references to father etc.).'.—*[Dawn Primarolo.]*

Clause 68

COMMENCEMENT

Amendment proposed: No. 50, page 53, line 19, at end insert—

'(2A) This section shall be subject to section *(prohibition on placing human gametes into an animal)*.'.—*[Dr. Pugh.]*

Question put, That the amendment be made:—

The House divided: Ayes 183, Noes 308.

Division No. 287] **[6.36 pm**

AYES

Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Baker, Norman
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benton, Mr. Joe
Benyon, Mr. Richard
Bone, Mr. Peter
Borrow, Mr. David S.
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, rh Des
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Cash, Mr. William
Chapman, Ben
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Tom
Connarty, Michael
Cooper, Rosie
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fiello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hemming, John
Hendrick, Mr. Mark
Herbert, Nick
Hillier, Meg
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Howell, John
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Helen
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Knight, rh Mr. Greg
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Marsden, Mr. Gordon
Mason, John
Maude, rh Mr. Francis
McAvoy, rh Mr. Thomas
McCrea, Dr. William
McDonnell, Dr. Alasdair
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Owen, Albert
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Pope, Mr. Greg
Pound, Stephen
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reed, Mr. Andy
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Alan
Singh, Mr. Marsha
Stuart, Ms Gisela
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Teather, Sarah
Timpson, Mr. Edward
Touhig, rh Mr. Don
Turner, Mr. Andrew
Twigg, Derek
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Williams, Mark
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas

Tellers for the Ayes:
Jim Dobbin and
Mr. Brian Binley

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baldry, Tony
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Butterfill, Sir John
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clappison, Mr. James
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary

Curry, rh Mr. David
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horwood, Martin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lait, Mrs. Jacqui
Lamb, Norman
Lammy, Mr. David
Lansley, Mr. Andrew
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Naysmith, Dr. Doug
Olner, Mr. Bill
Osborne, Mr. George
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simmonds, Mark
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Tredinnick, David
Trickett, Jon
Tyrie, Mr. Andrew
Ussher, Kitty
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Claire Ward and Steve McCabe

Question accordingly negatived.

6.48 pm

Sir Patrick Cormack (South Staffordshire) (Con): On a point of order, Mr. Speaker. I wonder whether I could appeal to you as the guardian of the reputation of this House of Commons. I completely understand that you can make no comment about the contents or quality of a Bill, but this Bill is of enormous, far-reaching importance. Parenting is in its title but there has been no opportunity to debate that. We are not going to have a Third Reading to discuss any of it as it leaves this House. People up and down this land will just not understand that. Would you be prepared, Sir, to discuss this with the Procedure Committee, so that never again does a Bill of this major importance go through without a proper Third Reading?

Mr. Speaker: The House has decided. These decisions have been made by the House. What I would say to the hon. Gentleman is that it is best that he goes to the Procedure Committee and raises the matter with it, because if I take the matter up, it may appear as though I am giving some steer or guidance to the Committee, and I should be neutral in these matters.

Schedule 3

CONSENT TO USE OR STORAGE OF GAMETES, EMBRYOS OR HUMAN ADMIXED EMBRYOS ETC.

Amendments made: No. 21, page 60, line 32, leave out 'a' and insert 'any'.

No. 22, page 73, leave out lines 36 to 46 and insert—

'(4) Condition B is that—'.

No. 23, page 73, line 47, leave out from '("P")' to end of line 48 and insert

'is dead or the person responsible under the licence ("R") believes on reasonable grounds that P is dead'.

No. 24, page 74, line 1, leave out 'the person responsible under the licence ("R")' and insert 'R'.

No. 25, page 74, line 7, after 'died', insert '(or is believed to have died)'.

No. 26, page 74, line 10, at end insert—

'(4A) Condition C is that—

(a) the person responsible under the licence ("R") has taken all reasonable steps to contact—

(i) the person falling within sub-paragraph (1)(b) ("P"), or

(ii) in a case where P is dead or R believes on reasonable grounds that P is dead, persons who could give consent for the purposes of sub-paragraph (4)(c),

but has been unable to do so, and

(b) the information relating to P that is available to R does not suggest that P would have objected to the use of P's human cells to bring about the creation in vitro of an embryo or human admixed embryo for use for the purposes of the project.'.—*[Dawn Primarolo.]*

Schedule 6

AMENDMENTS RELATING TO PARENTHOOD IN CASES INVOLVING ASSISTED REPRODUCTION

Amendments made: No. 27, page 85, line 15, leave out 'that person' and insert 'the woman concerned'.

No. 28, page 87, line 36, after 'of', insert 'the formation of'.

No. 29, page 88, line 9, after 'time', insert 'of the formation'.

No. 30, page 95, line 17, leave out from third 'the' to 'shall' in line 19 and insert

'woman concerned (in which case the woman concerned'.

No. 31, page 95, line 23, leave out 'person' and insert 'woman concerned'.

No. 32, page 96, line 16, leave out second 'a' and insert 'the'.

No. 33, page 99, line 21, after 'of', insert 'the formation of'.

No. 34, page 99, line 37, after 'time', insert 'of the formation'.

No. 35, page 107, line 9, after 'domiciled', insert 'immediately'.—*[Dawn Primarolo.]*

Schedule 8

REPEALS AND REVOCATIONS

Amendments made: No. 78, page 114, line 13, column 2, leave out ', (6) and (7)' and insert 'and (6)'.

No. 79, page 114, line 14, column 2, leave out '(7) or'.—*[Dawn Primarolo.]*

Order for Third Reading read.

6.49 pm

Dawn Primarolo: I beg to move, That the Bill be now read the Third time.

It has been a long journey to Third Reading, but a shared one, involving two years of scrutiny and discussion.

Mr. Cash: Will the Minister give way?

Dawn Primarolo: The process was demanding because we were invited to consider issues that strike at the heart of what it means to be human. We have also looked—

Mr. Cash: Will the Minister give way?

Mr. Speaker: Order. The Minister has indicated that she is not going to give way.

Dawn Primarolo: We have looked at how to make regulation more inclusive and more reflective of 21st century society and family structures, including by covering the rights of same-sex couples.

Mr. Cash: Will the Minister give way?

Dawn Primarolo: No. I am trying to make some brief comments—

Mr. Cash *rose—*

Mr. Speaker: Order. The right hon. Lady has indicated on several occasions that she is not giving way, so the hon. Member for Stone (Mr. Cash) should calm himself, sit down and listen to the Minister.

Dawn Primarolo: None of the decisions were taken lightly. Indeed, precisely because of the Bill's controversial nature, because it involved such profound social and ethical issues, and because it was always going to provoke very different views, we depended more than ever on the guidance and scrutiny of those in this House and outside it.

Mr. Cash: May I try once more; will the Minister give way?

Mr. Speaker: Order. I do not think that the hon. Gentleman should try once more because he is beginning to defy the Chair, and that is not a good idea.

Dawn Primarolo: The Government have listened carefully to views about what should be allowed, what should be prescribed and what controls should exist. I believe that we have arrived at the right balance of controlling but

[Dawn Primarolo]

not constraining scientific research, with protection from a "Brave New World" scenario in which science overrides ethics, and avoidance of the extremes of scientific process being blocked by red tape, stifled by regulation, or frustrated by a regime that fails to keep pace with social change. We have taken great pains to future-proof the Bill as much as possible and to address intricate dilemmas now so that clear legislation and regulation may be in place for the future when medical research is not proven.

The kaleidoscope of science is coming to a rest. Careful consideration has been given to the Bill in this House and another place, and the new consensus has been captured. If science leads the field and challenges our basic beliefs and ethics—

Mr. Cash: On a point of order, Mr. Speaker. The Minister said that careful consideration had been given to all the ingredients of the Bill. She mentioned the other place, but surely it is obvious that such consideration has not been given in this place.

Mr. Speaker: I have enough difficulty looking after this place without commenting on the other place.

Dawn Primarolo: When science throws our views and ethics into flux, legislation brings regulation and stability. The House has struck a new consensus of allowing science to stretch its wings and develop, but constraining it within what the House considers to be ethically acceptable. The US physician, Richard Cabot, said that science and ethics need to shake hands. The Bill brokers that handshake. It represents a good deal for science and society, and I commend it to the House.

6.54 pm

Mark Simmonds: The Bill is of great significance. It has tried to strike a balance—to allow scientific advancement while being based on an ethical platform. It is a shame in some ways that it has had this unfortunate end. Clearly, there are many dissatisfied Members in the House, and that is primarily due to the programme motion, which has not allowed important amendments and issues to be debated. Conservative Members had a free vote on the Bill, and in my view there should have been far more free votes for Government Members, too. We are talking about significant ethical and moral issues, and Members should be allowed to vote with their conscience.

However, the Minister and the Government have listened to some of the suggestions made, for example on licences for therapy, on consent issues relating to pre-existing cell lines, on regulations on the appeal procedures and on changes to surrogacy laws. There have been constructive debates on the Floor of the House and in Committee. I thank my hon. Friends the Members for South-West Devon (Mr. Streeter), for Hemel Hempstead (Mike Penning), for Rugby and Kenilworth (Jeremy Wright) and for Salisbury (Robert Key) for making constructive contributions as the Bill passed through the House.

It is important to understand that the Human Fertilisation and Embryology Act 1990—an extremely robust piece of legislation—retains much of its significance and value because it was thoroughly debated in this House and in the other place. It was originally the Minister's hope, and it is my hope, that this Bill will be similarly enduring. However, after today's performance, I have to question whether it will be. I hope that the shape of the ethical and regulatory framework for reproductive science and medicine will hold for many years to come. The Bill is built on a moral and ethical regulatory framework that will allow Britain to remain at the forefront of scientific and medical innovation while, importantly, still protecting the special status of the embryo.

6.56 pm

Norman Lamb (North Norfolk) (LD): It is unfortunate that the Bill has ended its time in the House in this way. The way in which the Government manipulated the programme motion is outrageous; it denied people on both sides of the debate the opportunity to raise issues of real and profound concern. At the beginning of Report, the Minister argued that it was important not to deal with abortion because we needed time for all the other issues in the Bill. Of course, we have not had time to deal with all the other issues because debate has been so greatly constrained by the Government.

Despite all that, this is a very important Bill. We Liberal Democrats have had free votes throughout its stages, and will have a free vote on Third Reading, but speaking personally, I welcome the Bill as it stands. I support the way in which it has moved through the House, and its shape now as it moves to the other place. This country has led the way in shaping the ethical framework within which science operates. The Conservative party started the process in 1990, when it was in government. The Bill brings the legislation up to date on the advances of scientific endeavour, and that is the right way to proceed.

As I say, the Liberal Democrats will have a free vote; however, my party's policy is to be pro-science and pro-research, but in favour of an ethical framework for science, subject to proper limits and safeguards. I shall certainly support the Bill on Third Reading.

6.58 pm

Andrew Selous (South-West Bedfordshire) (Con): I want to know what, in years to come, Members of the House are supposed to say to children who look at us and say, "Why have you denied me the opportunity to have a relationship with my natural father or mother?" That should be the birthright of every child in this country. It is a deeply sad moment when the House denies that possibility to children who may wish to have that opportunity in years to come. I am deeply saddened that we have not had a proper debate, and that there has not been a chance for every Member to go through one or other Division Lobby, on the issue.

6.59 pm

Mr. Barron: I should briefly like to support the Bill on Third Reading. It is another breakthrough piece of legislation, following on from the Human Fertilisation and Embryology Act 1990. All of us should think that one day, future generations will thank us legislators for having made good legislation, backed with regulations that will ensure that many diseases from which people suffer will, in years to come, be a thing of the past.

6.59 pm

Mr. Cash: Professor Jones of St. Mary's university college sums it up by saying that there is no doubt that if one overarching principle of contemporary medical ethics still trumps all others, it is personal autonomy. We have been denied the opportunity to debate the question of consent in the context of licensing, and it is deeply regrettable—

It being Seven o'clock, MR. SPEAKER, *put the Question pursuant to Order [this day].*

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 355, Noes 129.

Division No. 288] **[7 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baldry, Tony
Balls, rh Ed
Barlow, Ms Celia
Baron, Mr. John
Barrett, John
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Bellingham, Mr. Henry
Benn, rh Hilary
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Djanogly, Mr. Jonathan
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dowd, Jim
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fabricant, Michael
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Garnier, Mr. Edward
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Glenda
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lait, Mrs. Jacqui
Lamb, Norman
Lammy, Mr. David
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul

Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Mr. George
Ottaway, Richard
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prisk, Mr. Mark
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simmonds, Mark
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Twigg, Derek
Tyrie, Mr. Andrew
Ussher, Kitty
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Ayes:
Mr. Frank Roy and Claire Ward

NOES

Ancram, rh Mr. Michael
Bacon, Mr. Richard
Beith, rh Sir Alan
Benton, Mr. Joe
Benyon, Mr. Richard
Binley, Mr. Brian
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Cable, Dr. Vincent
Cash, Mr. William
Clarke, rh Mr. Tom
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Cummings, John
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Field, rh Mr. Frank
Flello, Mr. Robert
Fox, Dr. Liam
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gray, Mr. James
Green, Damian
Gummer, rh Mr. John
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. Gerald
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Lancaster, Mr. Mark
Leigh, Mr. Edward
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Loughton, Tim
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Mason, John
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Murphy, Mr. Denis
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Owen, Albert
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Pope, Mr. Greg
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reed, Mr. Andy
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Alan
Stunell, Andrew
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Teather, Sarah
Timpson, Mr. Edward
Turner, Mr. Andrew
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy

Tellers for the Noes:
John Howell and Mr. David Amess

Question accordingly agreed to.

Bill read the Third time, and passed, with amendments.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Committees),

Cross-Border Healthcare

That this House takes note of European Union Documents No. 11327/08 and Addendum 1, Commission Communication, a Community framework on the application of patients' rights in cross-border healthcare and No. 11307/08 and Addenda 1 to 3, draft Directive on the application of patients' rights in cross-border healthcare; agrees with the Government on the desirability of EU legislation to clarify the operation of cross-border healthcare to

provide certainty for patients; and supports the Government's belief that the UK should continue to pro-actively engage in this area in order to achieve the maximum influence over the shape of the debate and final Directive.—*[Ms Diana R. Johnson.]*

Question agreed to.

PETITIONS

Care Services (Somerset)

7.12 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): The petition states:

The Petition of the residents of Bridgwater and others,

Declares that the Petitioners are concerned about cuts to funding by Government which have resulted in Homes in Sedgemoor, and other housing organisations, reviewing the arrangements in their warden-controlled accommodation so that wardens will no longer be resident on site, and the implications that this has for elderly residents and others who have made arrangements to be in warden-controlled accommodation as part of their long-term future care.

The Petitioners therefore request that the House of Commons urges the Government to review and reconsider funding arrangements to local authorities so that funds are available to allow the continued employment of resident wardens to assist elderly residents in retaining a degree of independence and the peace of mind a warden on site brings them.

And the Petitioners remain, etc.

[P000277]

Planning and Development (Exmoor)

7.13 pm

Mr. Liddell-Grainger: The petition states:

The Petition of residents in the vicinity of Exmoor National Park and others,

Declares that the authorities of Exmoor National Park wish to demolish Blackpits Bungalow, a perfectly habitable three bedroom home, built for local working people, together with the out-buildings, roadside fences, and banks; and further declares that the purchase of the bungalow (for £238,000) and the demolition of the property, do not represent good use of public funds.

The Petitioners therefore request that the House of Commons urges the Government to take steps to prevent the demolition of Blackpits Bungalow.

And the Petitioners remain, etc.

[P000276]

Criminal Convictions

7.14 pm

Bob Spink (Castle Point) (UKIP): SAFARI, which stands for Supporting All Falsely Accused with Reference Information, is an organisation that fights for people who have been falsely accused and seeks to make convictions safer. Some may think that the British judicial system is perfect. I do not subscribe to that view, so I am pleased to put questions to the Government and I thank those involved in trying to make the system safer.

The petition, which supports an electronic petition of 224 signatures, states:

The Petition of Phil Faber and others,

Declares that too many people are wrongly convicted because the law allows too much weight to be given to the word of one or more people, without other more tangible evidence to support the conviction; believes it is wrong that the jury only have to be persuaded that the defendant is guilty, and that this leaves the system open to abuse and puts people at risk of being convicted because someone has lied to the court or is innocently wrong in their assertions, and the person who tells the lie and secures the conviction can then claim compensation from the Criminal Injury Compensation Board.

The Petitioners therefore request that the House of Commons urges the Government to ensure that people are not normally convicted when the only evidence is the word of one or more persons.

And the Petitioners remain, etc.

[P000278]

War Memorials (Essex)

7.16 pm

Bob Spink: I have a second petition to present. We are lucky in Castle Point to have a superb Royal British Legion club with excellent members who play a leading role in defending our community, as they did when they were in the services. War memorials belong to the community, not to councillors, and changing them is best done with the consent and approval of all the stakeholders and the public. The petitioners seek to hold councillors to account for their actions, which are felt to be rather high-handed, in making changes to our war memorial without public consultation.

The petition states:

To the House of Commons.

The Petition of the War Memorial Fund Raising Committee, members of the Royal British Legion and residents of Canvey Island,

Declares that Castle Point Council has acted without proper consultation to propose changes to the War Memorial at the Paddocks on Canvey Island; believes that councillors should not take such action without proper consultation and agreement with the stakeholders and wider community and that the overwhelming view of stakeholders and residents is that it should remain at its current site.

The Petitioners therefore request that the House of Commons urges the Government to make Castle Point Borough Councillors aware of this petition and of the very deeply and widely held view that Councillors should consult before taking any action to disturb the War Memorial.

And the Petitioners remain, etc.

[P000279]

British Nuclear Test Veterans

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

7.17 pm

Mr. John Baron (Billericay) (Con): Not many people have witnessed a British nuclear explosion, but those who have will be following this debate closely, for I intend to ask the Minister whether the Government will repay a debt of honour to surviving veterans of our nuclear weapons tests in the 1950s.

The issue is not new. Successive Governments have been aware of the facts for quite a while, but I am raising the matter again because a number of new factors have come into play. The first is that there has been new scientific evidence from Dr. Al Rowland in New Zealand to suggest that veterans have suffered as a result of their exposure to radiation. Secondly, the hon. Member for Norwich, North (Dr. Gibson) and I held a cross-party inquiry last year which raised new facts and disclosures. Meanwhile, other countries are moving well ahead of us in recognising their veterans. Here in Britain we lag shamefully behind. The Government even appear to be backtracking on a promise to replicate the New Zealand study on our veterans.

The history to the debate needs to be understood. Between 15,000 and 20,000 servicemen took part in Britain's nuclear tests, which included Operation Grapple on Malden Island and Christmas Island in 1957-58. Other tests took place at Monte Bello islands, Maralinga, and Emu field. It is thought that only about 3,000 veterans are alive today. Many of those involved believe they were exposed to dangerous levels of radiation that resulted in their own ill health and that of their descendents.

Veterans and their families seeking redress in the form of a war pension encounter a frustrating tribunal system that is both inconsistent and subject to delays. For many years, the British Nuclear Test Veterans Association or BNTVA has campaigned for recognition for its 800 or so surviving veteran members, and many more widows and offspring, but successive Governments have used a controversial series of reports by the National Radiological Protection Board or NRPB to insist that no harm was done.

It was against that backdrop that research from New Zealand last year threw light on a possible link between participation in the tests and possible genetic changes in veterans. The hon. Member for Norwich, North and I therefore believed that the time was right to hold a cross-party inquiry to look at this question again. We took evidence over two days from scientists and veterans, but the Ministry of Defence declined to contribute. Our inquiry heard clear personal testimony that makes us question whether adequate radiological safety standards were followed for the tests. For one thing, there is a concern that some veterans were simply too close to the epicentre of the blast. Witnesses described their experiences of a heat wave of extraordinary intensity, leading in some cases to temporary blindness or a sensation of blood boiling within their bodies. Others developed skin rashes and flu-like symptoms immediately after the detonations. My constituent Mr. Eric Everard says:

"The whole of my back was a blister afterwards. There was no protective clothing; we didn't go in bunkers or anything. We just stood on the beach."

There were many similar stories of men being mustered on to beaches or on the decks of ships to witness the explosions and many suffering afterwards.

In our inquiry, we also saw little evidence that fallout and the dangers from ingested radioactive particles were taken seriously after the tests. Servicemen were free to move around the island, drinking local water, eating local fruits, bathing in the lagoons and breathing in dust, all of which could have been contaminated. That is worrying, because ingested radioactive particles from fallout can remain in the body and continue to harm for many years.

As I have suggested, successive Governments—I hope that the Minister realises that this is not a party political issue—have used the NRPB series of reports to argue that test veterans have not experienced poor health, but endless concerns have been raised about those reports, which have never commanded the respect of veteran groups. I do not intend to go into the issues now, as time is not on our side, but I suggest to the Minister that the key point is that NRPB reports go only so far. They are studies of cancer mortality—in other words, counting cancer deaths—that tell us nothing about the underlying genetic changes in veterans or other ill health among them or their descendants. That is why our inquiry took such a close interest in the Al Rowland study from New Zealand and the Chris Busby survey undertaken through the BNTVA.

The study of the genetic status of New Zealand veterans, which was carried out by Dr. Al Rowland and his team at Massey university, showed a very high frequency of translocations in the chromosomes of veterans as compared with a carefully matched control group. Dr. Rowland certainly believes that the probable cause is exposure to radiation, which can be attributed to participation in Operation Grapple. The report concluded:

"We would encourage those in authority to initiate research to"

confirm

"our findings by conducting a similar study on British and Fijian personnel who also took part in Operation Grapple."

That call was wholeheartedly endorsed by our inquiry last year. We believe that funding should be made available by the Ministry of Defence for a new independent research team to replicate the Rowland study in this country.

After I raised the issue at Prime Minister's questions, the hon. Member for Norwich, North and I had a meeting with the Prime Minister and then with the Minister's predecessor in February this year. It was our clear and distinct impression from that meeting that the Rowland study would be replicated here by the British Government if it was peer-reviewed. Yet despite its being peer-reviewed in a respectable scientific journal, the Government seem now to be prevaricating. A letter from the Minister's predecessor dated 23 August stated that the Government would be

"carefully considering comments from the scientific community before making any decision".

Dr. Ian Gibson (Norwich, North) (Lab): I congratulate the hon. Gentleman on his tenacity and acknowledge how enjoyable it has been working on the survey with him.

I hope that the hon. Gentleman will agree that the scientists who came to our inquiry had some ideas about conducting it along the right lines in order to get an answer one way or the other. It certainly was my understanding when we talked to the previous Minister that that was going to happen. I would like publicly to congratulate Al Rowland, whom I met at Massey. He gave me the data relating to his work; it has opened up a hornet's nest that cannot be denied in further research.

Mr. Baron: I thank the hon. Gentleman for what he has said. I have already put on record my thanks to him for being a co-party in our inquiry, and in the efforts that we have made so far. I am pleased to hear his confirmation that it was our understanding that an Al Rowland-type study would be undertaken if it was peer-reviewed, which it has now been. I hope that the new Minister will tell us whether the Government intend to keep the promise made at our meeting.

The Busby report is important for a similar reason. It examines the legacy of nuclear testing for subsequent and future generations. The results of a questionnaire study of BNTVA members and their offspring conducted last year suggest much higher levels of miscarriage, still birth, infant mortality and congenital illness in veterans' children, both in a national context and in the context of control children.

Some of the experiences revealed by the study are quite distressing. Among veterans the number of miscarriages was 105, compared with 18 in the control group. The rate of still births was 26 per 1,000 births, compared with 10 in the control group. The rate of congenital defects among veterans' children was almost 10 times that among other children. The defects included cataracts at birth, deformed spines, muscle wasting, deafness, excess and missing teeth, and holes in the stomach and heart. My constituent Mr. Eric Everard certainly believes that the effects of the radiation to which he was exposed were passed on to his son Darran, who died of a genetic connective tissue disease when he was only 22 years old. Such reports are not unusual among veterans. Dr. Busby concluded:

> "It is clear that the veterans received significant genetic damage as a result of their period near the test sites."

The findings of that research echoed the earlier findings of Dr. Sue Rabbitt Roth of Dundee university, which I understand was peer-reviewed in 1999—a fact overlooked by the Government.

That snapshot is deeply worrying, and suggests a sinister genetic legacy for future generations. I would go as far as to suggest that there is a ticking time bomb of ill health that the Government need to recognise. The Minister must not underestimate the real anger that exists outside this place about Government inaction. To help future generations, we need to understand the scope of the problem. That is why I believe that Dr. Busby's study should be replicated rigorously, and the Government should provide the funds.

The final recommendation of our inquiry report concerned pension appeal tribunals, which provide the mechanism for veterans or their widows to appeal against the more or less automatic decision not to award a war pension. The system is complex and long-winded and judgment is often inconsistent, with precedent not being applied from one hearing to the next. Veterans with almost identical experiences and conditions receive different outcomes. Our inquiry therefore called for a complete overhaul of the system, perhaps even removing nuclear test veterans from the war pensions process altogether because they are such a unique group. I suggest that the Minister and representatives of the Ministry of Defence should sit down with the veterans and sort the problem out—a process that will require political courage and leadership.

Let me deliver a final thought to the Minister. We are not dealing with this issue in isolation, and we are already being left hopelessly far behind other nations in honouring our debt of gratitude to veterans. The Isle of Man Government will pay compensation in the region of £8,000 to each of the estimated eight Manx veterans involved in the tests, the New Zealand Government have already provided money for the Al Rowlands experiments and scientific tests, and the Canadian Government have offered to settle with their test veterans. In the United States, "atomic veterans" are eligible for presumptive compensation based on 21 identified cancers. A person who has one of those cancers and was involved in the tests will receive compensation automatically.

The contrast between the different approaches is well illustrated by the case of Mr. Roy Prescott, whose son wrote to me during our inquiry. He was one of 500 British servicemen who, having served on Christmas Island, were loaned to the United States for further tests on the island in the early 1960s. Mr. Prescott later became ill and applied for a British war pension, but that was turned down. He then applied to the United States compensation programme, was accepted and received a substantial one-off payment. We therefore see the absurdity of other countries compensating our own veterans because we have failed to do so.

The Ministry of Defence has been cagey and resistant for too long. We owe a duty of care to our test veterans. The Minister is new in his position and I ask him to commit to a fresh appraisal regarding our debt of gratitude. This is not a party political issue. My early-day motion 156 attracted signatures from Members in all parts of the House. I therefore ask the Minister some very simple questions. Will he now replicate the Rowland study on British veterans? What further study is he prepared to carry out on the descendents of veterans—a matter that could be with us for many years to come? Will he sit down with veterans and address the question of tribunals and compensation, and do it now?

These veterans just want justice for themselves and their descendents. They served their country. What they now expect is their country to be honest with them. While any solution is likely to be characterised as much by political compromise as by scientific rigour, this is, without doubt, a political problem. Time is now short, and I suggest to the new Minister that the best should not be the enemy of the good.

7.31 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I congratulate the hon. Member for Billericay (Mr. Baron) on securing this important debate, and I pay tribute to the work done by him and my hon. Friend the Member for Norwich, North (Dr. Gibson). I know about the tremendous work they contributed to the inquiry of last year.

[Mr. Kevan Jones]

I have listened carefully to the hon. Gentleman's comments, and I wish to begin by putting it on the record that the Ministry of Defence recognises the debt of gratitude we have to the servicemen who took part in these nuclear tests. They were important tests that helped to keep this nation secure at a difficult time in terms of nuclear technology. The hon. Gentleman rightly noted that if harm has been caused to these individuals and the Ministry of Defence and this nation are responsible, they should be offered redress. However, I think he would agree with me that any claim for compensation should be evidence-based. Evidence should be brought forward and determined on an individual basis.

I also think we can agree that there is no doubt about the sincerity of the veterans; I would not question for one minute their testimony or that of their families. It is important that we do not question or criticise them in any way. The vital issue, however, is whether we can link the conditions that some individuals and families have with those individuals having been present at the nuclear tests. As the hon. Gentleman acknowledged, previous Governments as well as this Government have looked at the evidence and have come to the conclusion that no link between conditions and presence at the tests has been demonstrated.

The hon. Gentleman's report conceded that current scientific evidence does not generally support the view that there has been an increased risk of ill health or death among the test participants. Even though Dr. Rowland's recent study indicates that genetic damage was present among the small cohort of individuals that he examined, it did not go on to draw any link between the genetic abnormalities found in the chromosomes and any conditions such as cancers. That report has been held up as an important piece of research, but it does not help to move forward the argument for drawing that link between damage to chromosomes and conditions such as cancers that developed later.

The hon. Gentleman asked whether I would give a commitment to replicate the Rowland study. He mentioned a meeting. I was not present, so I have asked my officials what was said. They have told me that it is quite clear that no clear commitment was given. I have examined the study in detail since I found that the debate was coming up, and I have come to the conclusion that it would be very difficult to replicate in the case of the individuals whom we are discussing. I am not sure what such a study would add to the debate if it led to the same conclusions that Rowland came to.

Mr. Baron: Nevertheless, it is an important piece of the jigsaw. The clear recollection from our meeting with the Minister's predecessor is that a promise was given on condition that the study was peer-reviewed. It now has been, and we hope that the Government will reconsider their position. I am not expecting an answer now, but all I ask is for the Minister to think about it.

Mr. Jones: I shall certainly address that point and return to the matter of the peer review at a later date. When my predecessor met the hon. Gentleman and my hon. Friend the Member for Norwich, North, he stated clearly that the Department would examine the Rowland research and take expert advice on it, and that has been done.

The hon. Gentleman mentioned other countries' payments to their nuclear test veterans. What is unique in this country is that consecutive Governments have accepted that people who can prove that exposure to radiation caused them harm can apply for the war pensions scheme. That is not the case in other countries, so to say that we have done nothing is a little harsh on the current and previous Governments. I add that the burden of proof in the war pensions scheme is generous.

The hon. Gentleman complained about inconsistency in the cases involving the war pensions scheme. I accept that people have felt that, but they do have the right to go to a pensions appeal tribunal and ultimately, on a point of law, to the social security commissioners. I used to deal with tribunals and I accept that inconsistencies can appear to happen, but individual cases have to be considered on an individual basis. The Department has examined some of the cases involved and has not found inconsistencies, but if the hon. Gentleman or the nuclear test veterans want specific cases to be examined, I am quite prepared to ask the Ministry of Justice to do so. It is important to get credibility. A separate system would be difficult, and it would not lead to the payments that many of the individuals who come forward currently get.

The other route of access to justice is common law, and the hon. Gentleman will know that 1,000 nuclear test veterans have taken group litigation. The Ministry of Defence served a summary defence on 21 January, and a preliminary trial on the issue of limitation is due to commence on 19 January next year. It has been reported in the media that the matter of limitation is simply a technicality, but that is not the case. It is important that the matter is examined from a legal point of view, especially given that many of the key witnesses are no longer alive and that the evidence of others needs testing because of age or infirmity. I do not want to say a great deal more about that, because it is right that we let the legal process take its due course.

The hon. Gentleman made some emotive points about the offspring of test veterans. I accept that it is not easy for the families that have disabled children and that they find some of the responses that politicians give difficult to take. We need to examine the matter, but to say that there has been no research is wrong. I am told that good-quality research has been done on Hiroshima and Nagasaki survivors, examining ill health among children born to survivors. That needs to be taken into account.

I genuinely do understand the British nuclear test veterans' concern about this issue, on which they have placed a great deal of importance. At a recent meeting with my predecessor, they expressed the view that they wanted this issue to be looked at, putting more weight on doing that than on carrying out a "Rowland mark 2" type study. I have listened carefully and looked at the files in the short time that I have been in the Ministry, and I think it is important to get experts to look in detail at what has already been done and what can be done.

This is not a simple task, and this afternoon I perhaps upset some of my officials by being a bit impatient in trying to get instant answers. The logistics will prove difficult because of the passage of time, loss of data and other such issues. However, my predecessor said he would meet representatives of the group in the autumn, and I am determined to move this agenda forwards. I

make an offer tonight to meet the hon. Gentleman, my hon. Friend the Member for Norwich, North and representatives of British nuclear test veterans next week, so that we can discuss the possibility of taking forward a study on health experiences and issues associated with veterans' offspring. Once that meeting has taken place, I propose to ask officials to discuss with the experts the best way to design and develop a possible research programme. It is important that this study and the terms of reference for it are correct, and that we are not asking people to do the impossible. That is a commitment that I give today.

Dr. Gibson: I welcome my hon. Friend's very positive attitude towards helping in his early days in office. One of the logistical problems that we came up against was finding out where vets were, which is why it is very important that he has invited them along, because they may be able to help in finding out where all those folks live now, so that we can get decent numbers. It will be difficult, but I really do welcome my hon. Friend's positive approach. Perhaps we will get to the bottom of this once and for all.

Mr. Jones: I am very grateful for that, and it is important that we meet next week to see what input the nuclear test veterans can have into the process. That could help, and I am quite prepared to listen to what they have to say. Once officials have met and experts have come together to design and develop a research programme, I will make an announcement, before Christmas.

Mr. Baron: I sense that the Minister is about to conclude, so may I, too, put on the record my thanks for his positive response? He has decided to try to move this issue forward, certainly with regard to descendants, which I very much welcome. I look forward to that meeting next week, and I know that the BNTVA will also be looking forward to it. We should not forget that it has a database of at least 800 surviving veterans, which can help with that process. I want also to thank the Minister for his promise to sit down with the veterans and look at inconsistencies in the tribunal process, and to explore whether any progress can be made where inconsistencies have occurred. Those are two positive steps that we did not necessarily have months ago.

Mr. Jones: I thank the hon. Gentleman for that. I hope to make an announcement before Christmas on the way forward. It will not answer all the issues raised in his inquiry, but I am determined to see whether we can at least get some movement and give some comfort, although I accept that the report might not come to any great conclusion. At least we are going to move the process on, which will give the sense to nuclear test veterans that they are being listened to.

Question put and agreed to.

Adjourned accordingly at sixteen minutes to Eight o'clock.

Deferred Divisions

Political Parties and Elections Bill (Carry-over)

That if, at the conclusion of this Session of Parliament, proceedings on the Political Parties and Elections Bill have not been completed, they shall be resumed in the next Session.

The House divided: Ayes 285, Noes 216.

Division No. 281]

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Paisley, rh Rev. Ian
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark

Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, Philip
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Malins, Mr. Humfrey
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilson, Mr. Rob
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

COMPETITION

That the Enterprise Act 2002 (Specification of Additional Section 58 Consideration) Order 2008 (S.I., 2008, No. 2645), dated 6th October, a copy of which was laid before this House on 7th October, be approved.

The House divided: Ayes 424, Noes 64.

Division No. 282]

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Alexander, rh Mr. Douglas
Amess, Mr. David
Ancram, rh Mr. Michael
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Armstrong, rh Hilary

Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Bailey, Mr. Adrian
Baldry, Tony
Balls, rh Ed
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barron, rh Mr. Kevin
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Bercow, John
Berry, Roger
Blackman, Liz
Blears, rh Hazel
Blunkett, rh Mr. David
Bone, Mr. Peter
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brady, Mr. Graham
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browning, Angela
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butler, Ms Dawn
Butterfill, Sir John
Byers, rh Mr. Stephen
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carswell, Mr. Douglas
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Greg
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Philip
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez
(Hastings and Rye)
Fox, Dr. Liam
Francis, Dr. Hywel
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Greenway, Mr. John
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hanson, rh Mr. David
Harper, Mr. Mark
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Healey, John
Hendrick, Mr. Mark
Hendry, Charles
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Hoon, rh Mr. Geoffrey
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, rh Mr. George
Howell, John
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Knight, Jim
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lammy, Mr. David
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Lewis, Mr. Ivan
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mountford, Kali
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Olner, Mr. Bill

Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paisley, rh Rev. Ian
Palmer, Dr. Nick
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prisk, Mr. Mark
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Simpson, Mr. Keith
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Spring, Mr. Richard
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Streeter, Mr. Gary
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tami, Mark
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Andrew
Twigg, Derek
Tyrie, Mr. Andrew
Ussher, Kitty
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walley, Joan
Walter, Mr. Robert
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, Malcolm
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

NOES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Gidley, Sandra
Hancock, Mr. Mike
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Kerutch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
Mason, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Swinson, Jo
Taylor, Matthew
Thurso, John
Walker, Mr. Charles
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wishart, Pete

Question accordingly agreed to.

House of Commons

Thursday 23 October 2008

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES (SHOPPING BAGS) BILL (*BY ORDER*)

Order for Second Reading read.

To be read a Second time on Thursday 30 October.

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Minister of State was asked—

National Minimum Wage

1. **Mr. Elliot Morley** (Scunthorpe) (Lab): What representations he has received on the effects on the observance of the national minimum wage of employers who overcharge migrant workers for accommodation. [229212]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): Within the minimum wage there is an allowable accommodation offset, currently set at £4.46 a day. It is considered every year by the Low Pay Commission, and representations on its level are normally directed at the commission.

Mr. Morley: I thank my hon. Friend for that answer. Does he agree that although foreign workers, particularly from the EU countries, are an essential part of our economy, it is not acceptable for employers to undercut local employment by abusing the minimum wage, accommodation charges and charges to transport workers to and from their place of work? That has been a problem in Lincolnshire in relation to rogue gangmasters, but it is not confined to them. Can he assure me that such issues will be cracked down on, and that the people responsible will be punished?

Mr. McFadden: My right hon. Friend makes a very good point. The minimum wage has been in place for a decade now, and there is no excuse for the practices that he sets out. With that in mind, the Government have allocated extra support to enforcement of the minimum wage—some £3 million more a year—but we are also changing the law through the Employment Bill, which is currently before the House. It will increase the arrears for any employee who is not paid the minimum wage and stiffen the penalty regime against the employer who does not pay it. Those measures are absolutely right and in the interests of both low-paid workers and the vast majority of good businesses that obey the law and treat their workers decently.

Tony Baldry (Banbury) (Con): How many prosecutions have there been of employers who have abused the minimum wage and exploited workers in this way?

Mr. McFadden: Her Majesty's Revenue and Customs, which recovers arrears on the minimum wage, has up to now placed its emphasis on that and recovers several million pounds a year, so there have been relatively few prosecutions. One change that we are making in the Employment Bill is to give the enforcement officers extra powers. The Opposition did table some amendments on the matter, but I am glad that they did not press them to the vote.

Andrew Miller (Ellesmere Port and Neston) (Lab): When I was undertaking research for my private Member's Bill on temporary and agency workers I came across such scams day in, day out. Some of them are covered by current legislation and some will need fresh regulation. Can my hon. Friend assure me that now that the agency workers directive is in force—it came into force this week—the Government will implement the necessary changes to enforce it?

Mr. McFadden: The agency workers directive is not yet in force, but it has been agreed. Of course, that agreement was made possible in part by an agreement reached in this country between business and employee representatives on how to take it forward. That has been reflected in the directive, which represents a much better deal for the United Kingdom than previous drafts of the directive that have been discussed in recent years.

Richard Ottaway (Croydon, South) (Con): But does the Minister agree that the biggest influence on wage levels is the supply of labour? Under the circumstances, does he agree with the immigration Minister that immigrant labour should not replace indigenous labour?

Mr. McFadden: I think that migrant workers from other countries have made a very significant contribution to economic growth in this country in recent years. When it comes to the future, we have the new points-based system. The idea behind that is precisely to match the demands of the labour market with migrants coming from other countries.

Phil Wilson (Sedgefield) (Lab): What steps is my hon. Friend's Department taking to promote employment rights to the low-paid and increase their awareness of the minimum wage?

Mr. McFadden: My hon. Friend makes a very good point. We will spend some £850,000 on minimum wage awareness over the next year, which will include advertising on radio and efforts to communicate with migrant workers who, as my right hon. Friend the Member for Scunthorpe (Mr. Morley) said, can sometimes be subject to exploitation in this area. It will also include direct mail to employers to ensure that they are aware of the rates, which were increased on 1 October.

Post Office Network

Mr. Henry Bellingham (North-West Norfolk) (Con): When he next expects to meet the National Federation of SubPostmasters to discuss the future of the post office network. [229215]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): The Secretary of State met the general secretary of the National Federation of SubPostmasters on 15 October to discuss a range of matters relating to the future of the post office network. I have had regular contact with the federation since I came into the job 16 months or so ago, and I will continue to do so.

Mr. Bellingham: The Minister will be aware that the branch network in East Anglia, and west Norfolk in particular, has been devastated. The one crystal clear message we hear from the remaining sub-post offices is that they are determined to keep the Post Office card account. I asked the Under-Secretary of State for Business, Enterprise and Regulatory Reform, the hon. Member for Dudley, South (Ian Pearson), about that yesterday. Although he was sympathetic, he basically said, "Not me, guv. It is down to Ministers at the Department for Work and Pensions." Will the Minister of State and the newly ennobled Business Secretary get a grip of this matter, and give a clear guarantee that the Post Office card account will be kept?

Mr. McFadden: I understand the value of the Post Office card account to the post office network; the general secretary of the National Federation of SubPostmasters has made his views on that clear. I stress what my right hon. Friend the Secretary of State for Work and Pensions said to the House on Monday—this decision is subject to competitive tendering, no decision has yet been made and it will be made in the proper way.

Albert Owen (Ynys Môn) (Lab): My hon. Friend will be aware that many MPs in Wales have been trying to work with the federation and local government to sign an accord providing for more council services to go through the post office network. Can he tell the House what progress has been made on that, given that he hosted the first meeting? Does he agree that if we are to have a sustainable network, we need local authorities to invest in local communities through the post office network?

Mr. McFadden: Local authorities will always want to consider the outlets for their services, and that will include post offices. For example, most local authorities offer people a range of ways in which to pay bills and the option of paying council tax online. That reflects the changes that people are making in their lives and the decline of business in the post offices in recent years. Of course, even after the current closure process is completed, the Post Office will still have an unmatchable reach in urban and rural communities, involving many more than 11,000 branches. That is a valuable asset to anyone interested in delivering services and reaching local communities.

Peter Luff (Mid-Worcestershire) (Con): If, in the next few days, Post Office Ltd confirms its initial proposal to close Bengeworth post office in my constituency, it will entirely forfeit my confidence in its common sense and commercial judgment. However, if the Post Office card account is not awarded to Post Office Ltd, many more post offices in my constituency and around the country will face closure. In the context of the Government's understandable concern about small businesses, may I remind the Minister of the crucial role that rural sub-post offices play for many struggling small businesses?

Mr. McFadden: The Chairman of the Select Committee on Business and Enterprise makes a good point about the value of post offices to small businesses. He again mentioned the Post Office card account, but I cannot go any further than my right hon. Friend the Secretary of State for Work and Pensions, who told the House on Monday that this decision would be taken in a proper way, and that when there is an announcement to be made, we will make it.

Mr. Mark Todd (South Derbyshire) (Lab): I return to the impact of the possible loss of the Post Office card account. The Post Office has a poor record of tendering competitively for these sorts of services. I hope that the Minister has ensured that those in the Post Office who are preparing its tender have emphasised the network's strength, not in terms of its numbers, because PayPoint outnumbers it now, but in terms of its proximity to the communities that it seeks to serve with the benefits that would be distributed through the card account.

Mr. McFadden: I am sure that all the bidders for this work, including the Post Office, will have tried to maximise the strengths of their bid by pointing out the strengths of their network. As I say, I appreciate the value of the card account to the post office network. When we have an announcement to make on this matter, it will be made.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Minister has recognised that the Post Office has an unmatchable reach. If that is the case and if the card account contract is not given to the Post Office, our constituents will get a poorer service from whatever the replacement is. His Department has said that it wants to make life easier for small business and that it wants to speed up payments and everything else. Surely it needs to speed up decision making, because small businesses need to make investment decisions. If people do not know whether they are going to get the card account contract, how can they plan for the future of their local sub-post office?

Mr. McFadden: I appreciate the hon. Gentleman's impatience and I know that the House is keen to hear the results of the tendering process. When we have made a decision on this, I can assure the hon. Gentleman that it will be announced in the normal and proper way.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my hon. Friend says and it was interesting to hear what his colleagues at the DWP have said. Does he realise that the Post Office has wonderful opportunities in these times of financial crisis? In particular, an opportunity is presented by the credit union movement. Will he go back to the federation and to the Post Office to see what opportunities there are for launching the credit union movement nationally by using post offices so that our constituents have safe ways to save and borrow?

Mr. McFadden: My hon. Friend makes a good point. The Post Office has seen increasing success in offering financial services over the past couple of years, and not only in the area he mentions: the Post Office is now the leading retailer of foreign currency in the country, is expanding in insurance and offers deposit savings that I understand have been quite popular in recent months.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I hope that we can all agree on the importance of the Post Office network to all communities, particularly rural communities. As has been mentioned, the renewal of the Post Office card account will be vital to maintaining footfall. In that regard, is the Minister aware of the recent press speculation that the contract is to be split between Post Office Ltd and a number of other suppliers? Is he also aware that most sub-postmasters would regard that as the final nail in their coffin? Will he take the opportunity to reassure them?

Mr. McFadden: I am aware of all sorts of speculation; whether it is wise to comment on it is another matter. I am certainly aware of the value of the card account to the post office network, but as I have said, the decision will be taken in the proper way by the Department for Work and Pensions. When a decision is reached, it will be announced in the normal way.

Mr. Andy Reed (Loughborough) (Lab/Co-op): In Loughborough, we have already gone through the closure programme, having lost four post offices. I would like to press the Minister on the level of compensation that is paid and whether there is any flexibility. A constituent of mine who had a post office and a Chinese food business that served the Chinese community at Loughborough university in particular feels that the amount of compensation in relation to the length of his lease is not adequate. Is there any flexibility in the scheme? Is there any hope that my hon. Friend can give to me as I go back to that constituent next week to try to sort the matter out?

Mr. McFadden: The compensation for sub-postmasters leaving the network as a result of the closures over the past year was negotiated with the National Federation of SubPostmasters. On the whole, the system of compensation is generous, which is quite right; it is paid in recognition of the very valuable contribution that those sub-postmasters have made to local communities over the years.

Mr. Jonathan Djanogly (Huntingdon) (Con): Given that there are some 4 million users of the Post Office card account, equating to some 10 per cent. of sub-postmasters' net income, are not the Government slightly ashamed that they continue to delay the tender process for POCA's replacement? Will the Minister explain why the delays continue, and tell us when the announcement will be made and certainty given to customers and staff of the Post Office?

Mr. McFadden: We are certainly not ashamed. We have put large financial sums into supporting the Post Office network: some £150 million a year. Without that level of subsidy, thousands more branches would be under threat because the Post Office is losing £500,000 a day and has lost 4 million customers a week in recent years. The decision on the card account will be taken in the proper way by colleagues at the DWP and, when we are ready, it will be announced in the normal and proper way.

David Taylor (North-West Leicestershire) (Lab/Co-op): In terms of his admiration for the private sector, the last Secretary of State for Business, Enterprise and Regulatory Reform was known to be on our party's right wing, but the present one seems to be off the pitch and somewhere in the directors' box. Can my hon. Friend tell me whether he thinks that Lord Mandelson's inclination towards part-privatisation will go down well with the National Federation of SubPostmasters when next he meets it?

Mr. McFadden: I think that the Secretary of State will do a great job on the pitch. It is always good for a team to have its best players on the pitch. He has been on loan to another team, but I am glad that he is back playing a proper role. My hon. Friend's question refers more to the Hooper review, which will report shortly.

Construction Industry

3. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What assessment he has made of the economic condition of the building and construction industry. [229216]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): The global credit crunch is affecting all economies, including the UK. Overall, the construction industry is experiencing a significant downturn in activity, but some sectors are faring better than others. The housing and commercial sectors are being hit hardest. However, the outlook for other parts of the industry is more positive due to major programmes of work such as Crossrail, the Olympics and the Building Schools for the Future programme.

Mr. Goodwill: The Minister mentions the Chancellor's solution to the problem, which is to bring forward major infrastructure and construction projects—a massive spending splurge paid for by a borrowing splurge. But does he really think that that will address the problems facing small construction companies, especially in the housing sector, that are facing problems this week and this month?

Ian Pearson: As I said, the housing and commercial sectors are among the hardest hit at the moment. We announced a package of measures on 2 September, some of which will help the housing sector. I would have thought that the Opposition would want to welcome the bringing forward of infrastructure investment, because such investment is important for the UK's long-term future and, if we can speed up the investment process, it will create new jobs for prime contractors and down through the construction supply chain. That will be valuable at this difficult economic time and will be welcomed by those who work in the construction industry.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I am sure that the Minister is concerned about the fate of house builders across the UK. In that

context, is he aware that house builders in Scotland face particular problems from rule changes introduced by the Scottish Government, which require housing associations to borrow a greater proportion of money for new affordable housing developments from the private sector? That is reducing the scope for such developments and making matters worse for the house building sector. Will he raise that with Ministers in the Scottish Government to ensure that the entire UK house building industry is given the boost that it needs?

Ian Pearson: I note what the hon. Gentleman says. As he will be aware, that is a devolved matter, but I hope that the Scottish Government would recognise, as the UK Government do, that the housing sector is an important part of the UK economy, and regulation needs to be proportionate and appropriate. We do not want regulation that gets in the way of construction projects that need to continue at this point in time.

Tony Lloyd (Manchester, Central) (Lab): My hon. Friend mentions the need for regulation to be proportionate and appropriate. Even in the good times, the construction industry makes use of false self-employment, which often leaves people unprotected and uninsured. Construction also suffers from high levels of health and safety risks. Now there is a downturn and competition is tight, those problems will increase, so can he make the regulatory agencies aware of the need for extra vigilance to protect people employed in that industry?

Ian Pearson: My hon. Friend makes a good point about health and safety issues in the construction sector. As he will be aware, we already have rigorous inspection regimes and it is important that we continue to be vigilant in regulating the construction sector. It is done through a risk-assessment methodology, and that is the right approach.

The broader point is that during these difficult economic times, it is right for the Government to want to invest in major construction projects that will bring long-term benefits to the UK economy, and that is what we will continue to do with programmes such as Building Schools for the Future and the new hospitals project. Only this week, we saw the 100th new hospital build implemented. Those programmes are important for the UK economy and we need to continue to make progress with them.

Mr. Mark Prisk (Hertford and Stortford) (Con): Many construction firms are facing a double whammy with projects being cancelled on the one hand and credit being withdrawn on the other. What they need, investment plans notwithstanding, is help with their cash flow. Given that, and given the potential appalling impact on jobs in that sector and in those sectors that rely on it, why are the Government refusing to let small firms defer their VAT payments? After all, they did it for farmers in 2001. Why will they not help builders now?

Ian Pearson: I would be very interested if the hon. Gentleman could give us the cost of his VAT deferral proposal—

Alan Duncan (Rutland and Melton) (Con): Zero.

Ian Pearson: I do not accept that suggestion from a sedentary position.

Obviously, we will consider all representations, but the Conservative party's policy, as I understand it, is to say that it wants a 1 per cent. cut on national insurance and it wants a VAT payment holiday. It will pay for that by cutting tax reliefs, but those reliefs are important to businesses and to their long-term investments, so I do not think that that is a responsible strategy. The simple fact of the matter is that the Government have taken action to recapitalise banks and to ensure that banks will continue to make available competitive lending to small businesses. I would like to think that that would be widely welcomed.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): May I reinforce the Minister's point? In constituencies such as mine, many jobs are dependent on the Government's sustaining their public sector investment. Will the Minister assure me that he will do everything within his power to press the appropriate ministries to sustain that investment in the coming years?

Ian Pearson: Yes, I can give my hon. Friend that assurance. The public sector construction market is hugely important given that it counts for about 40 per cent. of the industry's total output. At this point in time it would be grossly irresponsible to do anything other than to continue to seek strong investment in our national infrastructure. The public sector can lead the way in continuing to ensure that there is strong demand and that there are jobs in the construction sector. That is the responsible thing to do in difficult economic times. To suggest that we should cut that investment, which is what the Opposition seem to want to do, or to reject our proposals to do more, would not be welcomed by the public, who are concerned about construction jobs and about jobs more generally in our economy.

Small Businesses

4. **Mr. Adrian Sanders** (Torbay) (LD): What steps his Department is taking to help small businesses in town centres and ensure that shop premises do not remain vacant. [229219]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): The Government are committed to supporting small businesses, including shops, which play an important part in local communities. Yesterday, we announced a cross-Government package of support that focuses on the things businesses have identified as top priorities: cash flow, access to finance and training for staff. We will also continue to promote policies to support vibrant town centres.

Mr. Sanders: There are about 500 empty businesses in my local authority area and that number is rising. It is customers with money in their pockets who keep shops open and the best way to that end is to have decently paid jobs and good inward investment, but the biggest barrier to investment in my area is transport links. The Government have said that they want to bring forward infrastructure projects. Will the Minister give his support to bringing forward the Kingskerswell bypass linking Torbay to the motorway and dual carriageway network? The absence of that link is the biggest barrier to investment that my constituents face.

Ian Pearson: I am sure that the hon. Gentleman will want to raise that transport issue at an appropriate point in Transport Question Time. His general point, however, is important, and it is about what we can do to help people and businesses during difficult economic times. The best thing that we can do is to continue to provide a package of support for small businesses that are going through difficult times. That is why we made the announcement that we did yesterday. In this difficult macro-economic climate, we need to take some fairly fundamental decisions about borrowing, too, and that is what the Government are doing.

Miss Julie Kirkbride (Bromsgrove) (Con): In his answer, the Minister rightly pointed out that cash flow is a big issue for small businesses. However, although there may have been argument in favour of empty property taxes in the boom times, does he accept that they compound the problem in the down times? Will he reconsider the matter, to help small businesses and others to get through this difficult period?

Ian Pearson: As the hon. Lady will be aware, both the Barker and Lyons reviews suggested that we should end vacant property relief, and that is what happened in April. That relief was regarded as a £1.3 billion subsidy for owners of commercial property, and not for the small and medium-sized businesses that are the backbone of this country's economy. We need to help small and medium-sized businesses, and that is the focus of the package that the Government announced this week. That package has been welcomed by the CBI, the Federation of Small Businesses and the British Chambers of Commerce. I hope that the Opposition will welcome it too.

Sir Patrick Cormack (South Staffordshire) (Con): Barker and Lyons reported before the recession. What we need from the Government is specific action now, not mere generalities and platitudes. One specific thing that is within the Government's power is to suspend the rates on empty properties. Will the Minister do that, and do it now?

Ian Pearson: I can understand that the hon. Gentleman feels passionate about this issue. We are going through challenging economic circumstances: it looks as though we have tougher times ahead, and the best thing that I can say is that we need a Government who are on the side of hard-working people. We are providing help for small businesses with health checks, training support and business advice. In addition, the Government are a huge purchaser and we have said that we will ensure that we will pay our bills promptly. We are introducing all those measures at the moment, and a range of other measures is already available through the Business Link programme. The Government are committed to ensuring that support for business continues to be delivered effectively.

Alan Duncan (Rutland and Melton) (Con): This may be the first occasion on which a Minister of Cabinet rank is not available to answer questions in this House. Many consider that to be a complete insult to the democratic process.

Small shops need rate relief and credit lines, but there is an enormous gap between the Government's words about banks being prepared to lend to small businesses and the reality on the ground. Even now, banks are cancelling overdraft facilities left, right and centre, often at just two days' notice. Does the Minister accept that that is already driving many businesses to the wall?

Ian Pearson: I am certainly very aware that there is anecdotal evidence of the practices that the hon. Gentleman describes. It is one of the reasons why the Chancellor and my noble Friend Lord Mandelson are meeting the banks today. It is clearly right at this time that banks should continue to make lending available to small businesses. One of the conditions of the bank recapitalisation fund that we announced two weeks ago is that banks must continue to make competitively priced loans available to small businesses. We are discussing that with the banks and will continue to do so, because we want to make sure that small businesses are helped through this difficult time. We do not want the banks to turn off the tap and cause good businesses to face huge financial problems.

Alan Duncan: The Government say that there should be more lending, but they then add—understandably, I suppose—that financial conditions will have to be met. In a recession, are not those conditions bound to stop the lending that is promised? Whatever propaganda we get from the Government about what they want to happen, there will in fact be a further serious contraction in lending by banks to business, and not much of the promised expansion in lending.

Ian Pearson: It is not the role of Government to make decisions on lending between individual banks and companies, and it is right and proper that that business be conducted in the normal way. However, the Government can talk to the banks about the principles that underpin their lending—the instructions that go from head office to branches and the managers who make decisions with companies on a day-to-day basis. It is right that the Government should show a strong interest in that, and right that when talking to banks about the bank recapitalisation package, we insist that they do all that they can to support small businesses and home owners with mortgages in these difficult economic times, and we are committed to doing just that. The hon. Gentleman should welcome that, not criticise it.

Grocery Sector Ombudsman

5. **Andrew George** (St. Ives) (LD): What recent assessment he has made of the progress made by the Competition Commission in establishing a grocery sector ombudsman. [229220]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): The Competition Commission is undertaking an informal consultation on how to establish an ombudsman and is arranging a series of meetings with interested parties. Subject to responses, the commission plans to publish shortly, for wider consultation, a final order on the groceries supply code of practice and undertakings in relation to the ombudsman.

Andrew George: I am sure that the Minister will congratulate the Competition Commission on a thorough, balanced report, which draws conclusions and makes recommendations. Crucially, the commission found that

"the transfer of unexpected costs and excessive risk"

by supermarkets would impede investment and innovation, and would ultimately affect consumer interests, too. In what circumstances would the Government contradict the commission's carefully considered conclusions and recommendations, particularly with regard to the establishment of the ombudsman?

Mr. Thomas: The hon. Gentleman will forgive me for pointing out to him that the Competition Commission published its report at the end of April. I acknowledge that it did a thorough piece of work. I hope that he acknowledges that the Government, who published their response to that document some three months later, after we had had the chance to talk to a number of interested parties about the commission's recommendations, also did a thorough job of work in thinking about how to respond to the commission. I hope that he will forgive us if, rather than speculate on what might happen and what might be in the order that the commission publishes, we wait to see what happens in the forthcoming consultation. We will allow the commission to do its work, and we will review our position at the end of the process.

Topical Questions

T1. [229232] **Philip Davies** (Shipley) (Con): If he will make a statement on his departmental responsibilities.

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): Our Secretary of State has the Department firmly focused on working with business in this difficult economic period and on making sure that business comes out the other side of this period with the entrepreneurial strength and creativity for which British business is renowned across the world.

Philip Davies: The best thing that the Government could do to help small businesses is get off their backs. If the Government do not do something to ease the taxation, regulatory and employment cost burdens on small businesses, many thousands of them will go to the wall and many thousands of people will lose their jobs. May I therefore suggest that one of the first things he should look to do is exempt small businesses from huge swathes of regulation that some bigger businesses might be able to afford, but many small businesses certainly cannot?

Mr. McFadden: I agree that regulation can be a cost to businesses. We need some regulation because we operate in a society and a labour market with rules, but the Government make a significant effort to reduce administrative burdens. We have identified some £800 million of administrative burdens to be cut—for example, many small businesses no longer have to appoint a company secretary or have an annual general meeting, which saves costs, and we have made a number of other changes. The general point that the hon. Gentleman raises about regulation is fair, and the matter is one that the Government take seriously. We make a significant effort across Government to make sure that regulatory burdens are no greater than they need to be.

T5. [229236] **Mr. Eric Illsley** (Barnsley, Central) (Lab): On the need to look at regulation across Government, in a time of great economic uncertainty, the glass industry has begun to suffer. It is a multinational industry, but Ardagh Glass has already closed a furnace in Worksop, and United Glass is closing a plant in Harlow. All those factories are affected by climate change legislation, including the integrated pollution prevention and control directive and the climate change levy, which has been increased even before its first term has run out. They are also affected by huge gas prices and by the emissions trading regulations. All those pieces of legislation or regulatory burdens are dealt with by other Departments—either the Department of Energy and Climate Change or the Department for Environment, Food and Rural Affairs—but will my hon. Friend get together with colleagues across Government, as he has mentioned, to consider how to relieve that environmental taxation burden on industries such as the glass industry?

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): I know that the glass industry is important in my hon. Friend's constituency. Overall, it is worth about £1.2 billion annually and provides about 28,000 jobs. He is right that climate change agreements and the EU emissions trading scheme cover the glass sector. We are obviously not going to reduce our commitment to climate change agreements, which are beneficial, or to the EU emissions trading scheme, which we strongly support, but he is right to point out the burden of some regulations, and I am certainly happy to meet him and talk to colleagues in the new Department for Energy and Climate Change about those issues.

T2. [229233] **Mr. Adam Holloway** (Gravesham) (Con): Is the £350 million that has been announced to help to train staff in small and medium-sized enterprises new money or warmed-up old money?

Ian Pearson: It is money that is part of the budget of the Department for Innovation, Universities and Skills to the period 2010-11. We decided to give priority to small businesses, which I would have thought all parties in the House would welcome. We have also announced that we will remove some restrictions on how that money is spent. We have refocused measures, so that there will be less regulation on how the money is spent and so that it can be used to help to provide bite-sized chunks of training for companies. Companies that face having to go on to short-time working can take the opportunity to retrain staff, rather than lay them off. That is a sensible thing to do during difficult economic times, and it will be welcomed by business.

T3. [229234] **Mr. Andrew Robathan** (Blaby) (Con): Since the Department is responsible for regional development agencies, will a Minister—any Minister—tell the House what exactly regional Ministers do? What is the point of them, apart from their acting as regional cheerleaders for the Labour party?

Mr. McFadden: Regional Ministers play an important role in working with businesses in their local area in difficult economic times, as do RDAs. The other night, we debated in the House measures to help small businesses.

RDAs are an important part of that work, because they can always move more quickly on information on the ground in local areas, and respond in a timely and appropriate matter.

Mr. Jim Devine (Livingston) (Lab): As my hon. Friends are aware, it is just over two years since the collapse of Farepak and people are still looking for answers to what happened to their money. Two weeks ago in business questions, I asked about the report commissioned by the Government, and I was given an assurance by my right hon. and learned Friend the Leader of the House, who said:

"The fact that they are still waiting for the report is not acceptable. I thank him for raising the issue...We really do need to get the matter sorted out. I will work with the Deputy Leader of the House to make sure that we get some answers fast."—[*Official Report*, 9 October 2008; Vol. 480, c. 419.]

When are those people going to get answers?

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): I am grateful to my hon. Friend for his question. I know that he and a number of other Members have continued to pursue the matter extremely closely. He will be aware that the companies investigation branch of the Department has been investigating what went wrong in that case and has completed its investigation. As my hon. Friend may know, legal advice is being sought to decide whether there are grounds for prosecution or disqualification.

T4. [229235] **Peter Luff** (Mid-Worcestershire) (Con): On the subject of the part-privatisation of Royal Mail, we were told a few minutes ago that Richard Hooper's report on independent mail services was due to be published soon. When the Secretary of State appeared before the Select Committee on Tuesday this week, he said that he was contemplating giving additional work to that review team. Can the Minister say what additional work is planned and what impact that will have on the publication timetable?

Mr. McFadden: The Hooper review is considering the changed context in which Royal Mail operates in terms of competition not only from other mail providers, but from other technologies. That competition has seen the volume of mail decline by 2 or 3 per cent. a year in recent years in this country and in others. The Hooper review must take all these changes into account in compiling its report, and that is exactly what the review team is doing.

T6. [229237] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Further to the Minister's statement yesterday on small businesses, does he agree that a consensus is emerging that the public sector could make a real difference to small and medium-sized enterprises if the entire public sector paid its invoices on time? Will the Minister confirm that central Government, local government, quangos and agencies will all pay SMEs' invoices within 10 days?

Ian Pearson: The Government's commitment to make payments within 10 days is an important one and we already monitor that through Department annual plans. The majority of Government payments are made within 10 days, but we want to do better. The regional development agencies, which each spend £750 million a year, have also committed to pay within 10 days. We are spending public money, and in matters of the public purse we need to ensure that we do so in a proper way. We must make sure that invoices are correct and that goods and services of the right quality have been delivered. Once those assurances have been provided, we need to get cracking and ensure that we pay promptly. That is important for small businesses facing cash flow problems. We are doing all we can to deliver that through the Government system.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I am sure my hon. Friend agrees that the creation of the Internet Governance Forum with a five-year mandate from the United Nations was a British diplomatic triumph, and that the creation of the UK Internet Governance Forum is a good example of co-operation between Government, industry and Parliament. Does my hon. Friend agree that the best way to promote international co-operation in the long term is to use the UK IGF to make the UK the safest place in the world to do business online?

Ian Pearson: I agree with my right hon. Friend, who makes some important points. I pay tribute to him for the work that he has done on the matter over many years. We are committed to ensuring the success of the multi-stakeholder Internet Governance Forum. It is largely due to his actions that the UK has taken such a leadership role in this area, and we will endeavour to continue to do that in the future. I am happy to work with him. As he knows, our noble Friend Lord Carter will meet him shortly to discuss these issues.

T7. [229238] **Andrew Rosindell** (Romford) (Con): The Minister will know that my constituency, Romford, has a wide variety of small and independent local businesses that serve our community, one of which is the Havering Christian bookshop. Many such organisations are struggling to survive in the present economic climate. What will the Government do to nurture and protect small businesses such as that?

Mr. Thomas: In addition to the series of measures mentioned by my fellow Ministers, the hon. Gentleman may wish to check that the small business he mentions has sought to claim small business rate relief, a measure that is helping to reduce the administrative burdens on small businesses. It was opposed by his party but we have introduced it none the less, and it makes a real difference. If the business does not know how to claim, it should check the local council's website, where the form should be shown.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

NAO Corporate Plan

1. **Mr. Philip Hollobone** (Kettering) (Con): What the procedure is for the Public Accounts Commission's consideration of the National Audit Office's corporate plan. [229204]

Mr. Alan Williams (Swansea, West): The National Audit Office normally prepares a corporate plan in July each year. The Public Accounts Commission then questions the Comptroller and Auditor General, and if it is content, it approves the plan.

Mr. Hollobone: What support is the National Audit Office providing to Select Committees of the House, and does it have any plans to extend it?

Mr. Williams: The National Audit Office has plans to extend the support it gives, but that work is growing rapidly anyway. The NAO provides support within its areas of expertise, such as analysis of financial statements, value for money, performance evaluation and financial management and reporting. In addition, it provides staff on short-term secondments to Select Committees and to the Committee Office scrutiny unit. As I have said, the support has been increasing. In 2007-08, the NAO assisted 17 parliamentary Select Committees in addition to the Public Accounts Committee.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The right hon. Gentleman will know that one of the new roles that the Government have given the National Audit Office is to audit the figures in the Red Book following the pre-Budget statement. An increasing task in that Red Book work will be on the alarming increase in debt, which has to be repaid and serviced. Can he give the House an assurance that there will be sufficient resources in the National Audit Office's corporate plan to deal with that increasing task?

Mr. Williams: At the moment, the corporate plan has an increase of 3 per cent. a year for the next three years. I have received no representations for any extra resources as yet. Obviously, if there were a request, we would consider it.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Financial Stability

2. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent assessment the Church Commissioners have made of the impact of recent economic events on the financial stability of the Church of England. [229205]

The Second Church Estates Commissioner (Sir Stuart Bell): If I might differ slightly from the Church of England by way of assessment, I should say that the Church Commissioners manage their investments proactively and are able to move swiftly when economic circumstances change. Even before the credit crunch began, they sensed that times were changing and acted accordingly. Between 2005 and early 2007, they sold more than £400 million of residential property at prices near the top of the market, and they made £250 million from commercial property sales during the same period. However, in the Church of England we must not overlook the role of individual churchgoers in funding the Church's vital contribution to the spiritual life of this country.

David Taylor: The Archbishops of Canterbury and York were enthusiastically applauded by the public for their recent broadsides against the financial yobs in the City, yet the Church Commissioners' investment practices, including sales of mortgage portfolios and depositing many millions of pounds in hedge funds, seem to undermine the authority of the archbishops' acerbic articles. What discussions has the Church's ethical investment advisory group had to ensure that that sort of investment is proscribed, not least because it risks the spiritual as well as the financial stability of our Church?

Sir Stuart Bell: The statements of the archbishops added a moral dimension to the current global financial crisis. The commissioners are in regular touch with the ethical investment advisory group, and are in contact with it again in the light of the archbishops' comments. I assure my hon. Friend that we are committed to our ethical investment policy, which is of long standing, and that all the commissioners' investment decisions are informed by the work of the ethical investment advisory group.

Peter Luff (Mid-Worcestershire) (Con): Can the hon. Gentleman assure me that the financial pressures facing the Church Commissioners will not lead them to any precipitate action in relation to Hartlebury castle, the historic home of the Bishops of Worcester? He will know that discussions are taking place in Worcestershire to ensure that public access to the castle remains and to ensure the continuity of the Hurd library in its historic location. I hope that the Church Commissioners will continue those very constructive discussions.

Sir Stuart Bell: I am grateful to the hon. Gentleman, who has taken a strong interest in the castle, as have we, over a period of time. He is aware that my door is always open to any representations that he might wish to make.

To return to the broader question asked by my hon. Friend the Member for North-West Leicestershire (David Taylor) about the financial stability of the Church, we invest for the long term and distribute the returns with a view to the long term, thereby aiming to maintain the value of the funds in real terms over time. In other words, we do not allow our support for today's beneficiaries to disadvantage tomorrow's beneficiaries.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Further to the answer that my hon. Friend gave earlier, will he assure us that during these difficult times the ethical dimension of funding and investment will not be lost? There is always great pressure at such times to get the greatest returns, but if archbishops are going to talk about moral imperatives, the Church of England and the commissioners must daily live those out in their investment decisions.

Sir Stuart Bell: I can give my hon. Friend that assurance. I refer again to the ethical investment advisory group, but we should not overlook the role that local churches play. They depend on individuals giving, and that is true for the Church of England. As for the Church Commissioners, we will continue to work closely with the ethical investment advisory group.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

NAO Overseas Investments

3. **Mr. Peter Bone** (Wellingborough) (Con): Whether the National Audit Office has funds invested in overseas banks. [229206]

Mr. Alan Williams (Swansea, West): The NAO does not have funds invested in overseas banks.

Mr. Bone: I am grateful for that answer. However, does the right hon. Gentleman not think it strange that the commission responsible for overseeing local government, the Audit Commission, had £10 million invested in Icelandic banks?

Mr. Williams: That is—thankfully—outside my remit, but I point out that, as the Audit Commission is audited externally by the NAO, it is a matter for the Public Accounts Committee.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Lottery Grants

4. **Michael Fabricant** (Lichfield) (Con): If the Church Commissioners will provide guidance to churches and cathedrals on applications for lottery grants for the upkeep of church buildings and the provision of visitor facilities. [229207]

The Second Church Estates Commissioner (Sir Stuart Bell): I advise the hon. Gentleman that the Church already provides such advice via its "Church Care" and "Parish Resources" websites. In addition, the lottery providers give specific advice on their own schemes via their websites. I applaud the cathedrals that do so much to welcome tourists. They see that work as part of their ministry, and we should recognise the boost that they give to the wider economy through tourist income. Cathedrals such as Lichfield's are a major draw.

Michael Fabricant: May I put it to the hon. Gentleman that the commissioners need to be a little more proactive than he describes? Lichfield cathedral recently applied for many millions of pounds for the Inspire project to improve the fabric and visitor facilities, but it was refused. Such applications to the Heritage Lottery Fund cost thousands, perhaps tens of thousands, of pounds. Do not the commissioners need to give much better advice on what sort of lottery applications are likely to be successful?

Sir Stuart Bell: I am aware that Lichfield cathedral applied to the Heritage Lottery Fund for funding for a scheme to improve visitor and interpretation facilities. I congratulate the cathedral and the hon. Gentleman on their sterling efforts to engage with visitors. My colleagues at Church house supported the cathedral's application, but unfortunately the Heritage Lottery Fund could not fund all the applications that were before it; it held a ballot in which Lichfield cathedral was unsuccessful. I hope that the cathedral will find an alternative funding source, but I will take his comments back to the Church Commissioners.

Sir Patrick Cormack (South Staffordshire) (Con): As one who was associated with the appeal for our diocesan cathedral in Lichfield, may I ask the hon. Gentleman to examine this with a little more care and in greater detail? The diversion of lottery resources to the Olympics has caused enormous distortion and created a very great problem for all our cathedrals. It is shameful to think that there has to be the sort of ballot to which he refers. Will he do his best to influence the powers that be?

Sir Stuart Bell: I raised that question with the Heritage Lottery Fund after the subject was brought up on the Floor of the House, and it told me that lottery funding for the Church would not be affected by the Olympic games. We should welcome the help that the Heritage Lottery Fund gives us with the challenge of keeping cathedrals and churches in a good state of repair. We all acknowledge the need for continuing Government support and the constant pressure that this House exerts through questions such as those put by the hon. Gentlemen, which are always welcome.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Party Funding

5. **Andrew Rosindell** (Romford) (Con): How many investigations the Electoral Commission has carried out into political party funding in the last 12 months. [229208]

Sir Peter Viggers (Gosport): The Electoral Commission informs me that it has carried out formal investigations into three cases relating to political party funding in the past 12 months.

Andrew Rosindell: My hon. Friend will know that the Government intend to rush through new rules on what is known as "triggering" before the Electoral Commission has issued its guidance on the matter. Does he agree that that is a recipe for confusion, which will fatally undermine the confidence in any new rules?

Sir Peter Viggers: My hon. Friend is on to an important point. If the House passes the measure in the Political Parties and Elections Bill that introduces a new triggering mechanism, the Electoral Commission will consult as soon as possible after the parliamentary process and before Royal Assent. It will then issue its guidelines on the new triggering mechanism as soon as it can. Of course, the guidelines will not be definitive because the law on the triggering mechanism will stand to be decided

by the courts, and because the matter falls under the Representation of the People Acts, it will be for the police, not the commission, to decide whether or not to prosecute.

Mr. David Winnick (Walsall, North) (Lab): Will the hon. Gentleman confirm that it is illegal either to receive or to solicit in any way foreign donations for political parties? In view of the allegations made about the shadow Chancellor, would it not be appropriate for the Electoral Commission to investigate accordingly?

Mr. Speaker: Order. The shadow Chancellor is not in the Chamber. Did the hon. Gentleman approach the shadow Chancellor to say that he was going to ask this question?

Mr. Winnick: Of course not.

Mr. Speaker: Well, he should have. The hon. Gentleman knows the courtesies of the House—he has been here long enough. I instruct the hon. Member for Gosport (Sir Peter Viggers) not to answer.

Mr. Jonathan Djanogly (Huntingdon) (Con): During Second Reading of the Bill on Monday, it was noted that the Electoral Commission remains opposed to the provisions dealing with new political donor notification. Does that remain the case?

Sir Peter Viggers: Mr. Speaker, you will know that the Speaker's Committee on the Electoral Commission does not get involved in individual cases, but the commission has made a statement that no facts have been reported to it that would cause it to make any inquiry.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): Will the Deputy Leader of the House give us the business for next week?

The Deputy Leader of the House of Commons (Chris Bryant): The business for next week will be as follows:

MONDAY 27 OCTOBER—Remaining stages of the Local Transport Bill [*Lords*].

TUESDAY 28 OCTOBER—Remaining stages of the Climate Change Bill [*Lords*]. Followed by a motion to establish a Select Committee of the House.

WEDNESDAY 29 OCTOBER—Opposition Day [11th Allotted Day] (Second Part). There will be a debate on an Opposition motion entitled Olympic legacy, after which the Chairman of Ways and Means has named opposed private business for consideration.

THURSDAY 30 OCTOBER—Topical debate: subject to be announced, followed by a general debate on defence policy.

The provisional business for the week commencing 3 November will include:

MONDAY 3 NOVEMBER—Remaining stages of the Dormant Bank and Building Society Accounts Bill [*Lords*].

TUESDAY 4 NOVEMBER—Remaining stages of the Employment Bill [*Lords*].

WEDNESDAY 5 NOVEMBER—General debate: subject to be announced.

THURSDAY 6 NOVEMBER—Topical debate: subject to be announced, followed by general debate on public engagement on fighting crime.

I should also like to inform the House that the business in Westminster Hall for 6 November will be:

THURSDAY 6 NOVEMBER—A debate on the report from the Communities and Local Government Committee on the supply of rented housing.

I am sure all Members would like to wish the Leader of the House a healthy recovery as she has been struck down by the lurgy.

Mrs. May: I assure the Deputy Leader of the House that Conservative Members send their best wishes to the Leader of the House and hope that she makes a speedy recovery.

The Home Office announced today that several police forces have been under-reporting the figures for violent crime. The Home Secretary has been trawling through the TV studios, but may we have an urgent statement from her in the House about that serious matter so that hon. Members can question her on it?

Yesterday, the Government deliberately restricted the time available for debate on the Human Fertilisation and Embryology Bill, contrary to assurances that the Leader of the House gave last week. That meant that dozens of new clauses and amendments were not debated. Not only did the Government schedule a statement, which could easily have been made 24 hours earlier, but they ignored the conventions of the House to ensure that the clauses on abortion were not debated. May we have an assurance from the Leader of the House that she recognises her responsibilities to the whole House and that, in future, she will ensure that the timetabling of debates is dictated by the interests of the House rather than by the Government's convenience?

On Monday, we will debate the remaining the stages of the Local Transport Bill. At this late stage, the Government have tabled 162 amendments and 11 new clauses, and effectively rewritten part of the Bill. Yet again, the Government will railroad a Bill through without proper scrutiny. May we have more time for Report stage of that measure? More generally, when will the Government implement the Modernisation Committee's call for more time for debate on Report?

In the past three weeks, the House has debated the Government's fiscal rules, unemployment and small business—all on Conservative motions in Opposition time. Given that tomorrow's GDP figures are expected to show negative growth, that the Governor of the Bank of England has said that the UK now seems likely to be entering a recession, and that even the Prime Minister has allowed the R-word to pass his lips, when will we have a full debate in Government time on the state of the economy?

There is a report today that the Office of Rail Regulation has ordered Network Rail to correct a design flaw in thousands of points on our rail network. Network Rail has challenged that, but may we have an urgent statement from the Secretary of State for Transport so that concerned Members, including my hon. Friend the Member for Hertsmere (Mr. Clappison), in whose constituency the Potters Bar crash occurred, can question the Government on that serious matter?

May we have a debate on Government communications? On 15 October, the Government announced £100 million to help unemployed people retrain. That was not new money—it had already been announced. On Tuesday, the Government announced £350 million for small businesses. That was not new money—it had already been announced. On 13 October, the Government announced that bank lending would return to 2007 levels, but we now know that that was not a commitment but an aspiration. When people are facing the loss of their jobs and their homes, and small businesses face going under because they cannot get bank loans, what sort of a Government give people false promises of hope? They are a Government who believe more in political convenience than proper scrutiny, who are more interested in spin than effective action and who have taken this country from boom to bust.

Chris Bryant: Well, it is very nice, as usual, to hear from the right hon. Lady as she comes out with some of her usual lines, especially the last bit. She talks about the Government re-announcing things, but I think that I have heard her peroration perhaps 25 times in the past year. It is good that she is on her usual form.

First, the right hon. Lady mentioned crime statistics, but she failed to say that the latest crime statistics show that crime again has fallen by 6 per cent. That means that crime has fallen by 39 per cent. since 1997. *[Interruption.]*

Mr. Speaker: Order.

Chris Bryant: The right hon. Lady is mouthing things at me, and she is right to point out that there is a significant issue about how we tackle violent crime. Crimes of violence against the person are also down by 7 per cent., but we all know, in each of our constituencies, of our constituents' genuine concern about violent crime. There is an issue in that some police authorities this year have chosen, following advice, to report some violent crimes in a slightly different way. However, it is important to acknowledge that all the statistics for homicide and burglary are down.

The right hon. Lady's second point was about the Human Embryology and Fertilisation Bill. The Government are glad that the Bill passed its Third Reading yesterday with a very significant majority of more than two thirds—355 to 129 votes. There were many free votes yesterday and I think that the House reached its settled mind on the Bill, which I believe will make a significant difference, ensuring that in future scientific innovation can make a difference to people's lives.

On the Local Transport Bill, the right hon. Lady referred to the large number of amendments tabled for next week's debate. As she knows full well, many of the Government amendments are often technical and many are a response to Committee debates. One much misunderstood aspect of the political process—it is never reported by the media—is the importance of the Committee stage in improving our legislative work.

The right hon. Lady made various statements about the economy. I make no bones about the fact that we are facing difficult times, which is why we need to be absolutely focused on the needs of home owners, on jobs and on ensuring that if people are going to lose their jobs, they have the skills necessary to find a new one and additional support for paying their mortgage. We have provided the ability to debate these issues in various ways—through regular statements, for example—and when I speak to the Leader of the House later, I will ensure that she understands the House's requirement to be kept up to date throughout the process.

On Network Rail and last year's crash, which very unfortunately led to the death of an elderly lady, we of course send our sympathies to those involved. We want to make sure that any lessons that can possibly be learned will be learned. The right hon. Lady could bring the matter up at Transport questions. If a statement needs to be made, I am sure that my right hon. Friend the Secretary of State for Transport will want to come to the House.

Finally, the right hon. Lady spoke about Government communications. I make absolutely no apology for Government communications over the last few weeks, because we have made it absolutely clear that we will stand by ordinary families as they face the difficult international situation that we all face. I know that sometimes the right hon. Lady would like to pretend that this is just some home-grown situation and that we in little Britain can simply manufacture our own way out it. The truth is that the issues we need to address are international and some of the solutions are international—

Mr. Speaker: Order. It is not the international issues, but those of next week, that we should be addressing.

Chris Bryant: I am very grateful, Mr. Speaker.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): May I congratulate my hon. Friend on his first appearance at the Dispatch Box and on the combative way in which he disposed of the stream of consciousness that we always receive from those on the Opposition Front Bench?

I refer my hon. Friend to early-day motion 2327.

[That this House declares Richard Kay, 287 Middleton Road, Crumpsall, Manchester M8 4LY, to be unfit to be a property owner, since on 30th June 2007 he bought 64 Sandown Street, Manchester M18 8SA from Places for People with a covenant put into the contract of sale that the property be brought back into occupation within nine months of being sold but has flouted that covenant, leaving 64 Sandown Lane virtually derelict, not only making the area unsightly but causing considerable expense to a neighbour; and calls on Manchester City Council to take immediate action against this irresponsible person to require him to conform to the covenant without further delay or face condign consequences.]

It is headed "Richard Kay, Manchester property owner", referring to a man who, in breach of legal agreements and commitments, is turning an area of my constituency into a slum. Will my hon. Friend refer it to our right hon. Friend the Minister for Housing so that she may assist Manchester city council to get this slum provoker dealt with in the most condign way?

Chris Bryant: I am very grateful to my right hon. Friend for his kind comments. He was a fine Chairman of the Select Committee on Culture, Media and Sport—indeed, he can probably never be bettered in that capacity.

On the issue that my right hon. Friend raises, I know from my constituency that unscrupulous landlords can create slums in a way that we would have hoped had been abolished in the 1920s, let alone today. I am sure that my right hon. Friend the Minister for Housing will want to take up the issues precisely as my right hon. Friend outlined them.

Simon Hughes (North Southwark and Bermondsey) (LD): I, too, welcome the Deputy Leader of the House to his stand-in role, and ask him to pass our best wishes to the Leader of the House for a speedy recovery.

May I join in the strongest protests that have been made about yesterday's business? Every objective listener to last week's business questions would have taken what the Leader of the House of the House said then to mean that the business would follow its normal course: that new clauses would be taken first and amendments next. It was not until this week that the Government tabled a programme motion to change the normal procedure. It is not acceptable for that to be done in any circumstances, but it is even less acceptable given that we were led to believe, literally a week earlier, that it would not be done.

We have been given plenty of reassurances that the Government will consider how we deal with Report stages. Four Government Bills are to be dealt with in the next two weeks, and amendments and new clauses are likely to be tabled. Can the Deputy Leader of the House assure us that there will be time for Opposition Members and Labour Back Benchers to debate those amendments and new clauses, and for a proper Third

Reading debate to take place? If he cannot, he and the Leader of the House are not doing their job properly in regard to the most serious parliamentary matter.

May I link that with a question about the timetable for next year's sittings, which was announced last week in a written statement by the Leader of the House? It was announced that the House would sit for 128 days, fewer by far than in any other non-election year since at least 1979.

Mr. Andrew Robathan (Blaby) (Con): That was an election year.

Simon Hughes: Yes, it was an election year. No Government have announced such a small number of sitting days for nearly 30 years.

When people are going to lose their jobs, for us to give ourselves holidays—an extended Christmas and new year holiday, for instance—[HON. MEMBERS: "It is not a holiday."] It is a break from this place. For the House of Commons not to come back to work between July and October gives it the most adverse reputation out there.

The Deputy Leader of the House and his colleagues have indicated that they are interested in constitutional reform. Will the Deputy Leader now say whether the Government are serious about handing over control of the business of the House from the Government to Parliament? If he does not tell us that, I will table a motion for us to debate, proposing that Parliament should be in charge of Parliament's business, not the Government, who are clearly rigging it to their own party political advantage.

We heard today of the continuing difficulties of establishing a political settlement in Zimbabwe. May we have an early debate about whether asylum seekers from Zimbabwe who cannot go home should be allowed to work in this country while they wait for their cases to be decided? I gather that there are Ministers who share that view, and it is the logical view. I ask for us to be able to debate the matter, so that those poor people who cannot go back to their own country, who want to work here, pay taxes and contribute, and with whom Britain has the strongest links, can have an opportunity to participate in this country while their future is determined.

Finally, yesterday we received a major lobby on pensions. May we have a debate on the state pension before the uprating statement, so that we can quiz the Government on whether the level of the pension will be what pensioners need and demand, and whether it can be what pensioners who have worked believe, honestly, that they deserve?

Chris Bryant: It is good to see the hon. Gentleman in his place. I am sure that the real reason why he wants that debate on pensions is that he will be able to bring along the leader of his party, the right hon. Member for Sheffield, Hallam (Mr. Clegg), so that the right hon. Gentleman can understand precisely how much the state pension is. It is not £30 a week.

The hon. Gentleman made an interesting and important point about Zimbabwe. I will pass his comments to the relevant Ministers, and will also take what he said as a suggestion for a possible topical debate.

As for whether the business of the House should be run by Parliament or Government, the fact is that, last year, 59 of the 155 days on which Parliament sat were determined not by the Government but by the official Opposition, the smaller parties or Back Benchers. I will only add that it is not right to compare this House, and our constitutional settlement, with arrangements in other countries. In our case, the Government are the Government only because they have a majority in the House. I therefore think that the hon. Gentleman makes a constitutional faux pas.

On next year's sittings, the dates of the party conferences are an issue, as that has made it difficult for us to start earlier in October than we did this year. There is also an issue in that next year's Session will finish earlier than this year's; this year it will finish late in November and the state opening of Parliament and the Queen's Speech is not until December, but next year they will be considerably earlier. It is therefore wrong to compare too precisely next year's dates with this year's. I should also add that although the hon. Gentleman says that we are on holiday when we are in recess, that is certainly not my experience. Since I was elected to the House in 2001, my experience of parliamentary life is that I work just as hard during the recess as I do when I am sitting here, and I find that my constituents expect me to do so because the job of the constituency MP has completely changed over the last 20 years.

On yesterday's events, there was a programme motion before the House, which it voted for, so we decided to go forward with the business, and we had a series of votes. In the end, the main issue is that it is absolutely right and proper that we should have an appropriate amount of time to scrutinise all proposed legislation that passes through this House. The Human Fertilisation and Embryology Bill was debated in total, on the Floor of both Houses, for 86 hours, with 10 sessions in the Lords and, so far, eight sessions in the Commons. I think that that is an adequate amount of time for us to be able to do our work, not least because there was also substantial pre-legislative scrutiny.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Will my hon. Friend allow the House time to explore the welcome news, announced by the Prime Minister yesterday, about helping people facing the repossession of their home? I understand, however, that these welcome measures do not apply to Scotland, and given that the whole country is experiencing difficulties during this economic downturn, can my hon. Friend say what support, if any, this House could give to the Scottish people, or, indeed, what the Scottish Parliament could do to help them?

Chris Bryant: My hon. Friend is absolutely right: we must make sure that repossession is the last possible outcome when people are having difficulties in paying their mortgage. That is why the Master of the Rolls yesterday approved the Civil Justice Council's new protocol, which will make sure that every other avenue is pursued first. It would be extraordinary if the same were not to apply in Scotland, and I urge the Scottish Executive to ensure that home owners get that protection in Scotland. That is what is already making a difference in Britain, as opposed to the United States of America.

Andrew Rosindell (Romford) (Con): As the Deputy Leader of the House will be aware, it is now established that the people of the British overseas territories have

[Andrew Rosindell]

the right to self-determination, as is the case for Gibraltar and the Falkland Islands. Will he ask the Foreign Secretary to make a statement on the House on the Lords' decision regarding the British Indian Ocean Territory and the appalling fate of the people of the Chagos islands, who were forcibly removed from their homes in the 1960s by a Labour Government, and who are now, against their wishes, living in a foreign land? Will the Deputy Leader of the House make a statement to the House and arrange for a debate to take place, so that justice can be done to those British people who have been so appallingly treated?

Chris Bryant: The hon. Gentleman will know that the House of Lords has already found in the Government's favour on this issue, but that is not to say that we do not want to do everything we can to support those people. I know the hon. Gentleman has led—admirably, although I often disagree with him—many debates on overseas territories in Westminster Hall, and I would have thought this was a suitable subject for debate there.

Kate Hoey (Vauxhall) (Lab): Will the Deputy Leader of the House arrange for an urgent debate on why it is taking so long to renew the Post Office card account? People are very worried about this issue. The Deputy Leader of the House is a great supporter of the European Union, and he well knows that if this were happening in France, Germany or any other European country, the decision would have been made ages ago, despite all the rigmarole. It is time that the Secretary of State for Work and Pensions came here to explain again why this is taking so long.

Chris Bryant: The Secretary of State was here earlier this week and answered many questions. *[Interruption.]* Well, I read what he said, and he said that he hated to sound like a broken record, but the truth is that a commercial tender is currently going on, and it would be wrong of me or him to affect that process. I do, however, know from my own constituency that post offices are essential to many communities, and I am sure that that will be borne in mind in this process.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the hon. Gentleman convey to the Leader of the House that the Prime Minister is negligent in his duties to this House in respect of not coming here on a regular basis to make a statement about the war in Afghanistan? British troops are engaged every day in situations of great danger. There is a constantly shifting strategic scene. General Petraeus has recently been here to discuss these matters with the Prime Minister, and NATO members are at odds with each other. This is a very dangerous situation and the Prime Minister should come before this House regularly—as all former Prime Ministers have done when Britain has been at war—to account for the actions of the Government in the administration of the war.

Chris Bryant: The hon. Gentleman, who is a former Defence Minister, speaks wisely in that it is important that the House receives regular updates on what is happening, because we all know from our constituencies that people are in some cases laying down their lives on an entirely honourable basis in Afghanistan, to protect the people of Afghanistan, to bring peace there and to protect security in the world. There will be a debate on defence next Thursday afternoon, and I am sure the hon. Gentleman will want to take part in it. I should just say, however, that this Prime Minister has appeared very regularly in the House and made statements on a wide range of issues, and I know that he takes very seriously his responsibility of making sure that the House is updated on these important issues.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The House takes identity fraud and its prevention very seriously, and we have passed legislation on it, but may we have a debate to look at whether some of the relevant agencies are properly implementing the measures we have provided, because if the experience of a constituent of mine is anything to go by, it would appear that it is possible to go to post office depots and ask for post to be delayed without the proper identification requirements? That gives fraudsters a window of two or three weeks in which they can use an identity before its use is even discovered by the people affected.

Chris Bryant: I am grateful to my hon. Friend for raising that. It is clearly a significant issue, and I have never spotted it before. I will raise it with the Department for Work and Pensions, and I will take it as a suggestion for a topical debate. Ensuring that people's identities are not stolen is an issue we have to deal with now, and it is one that we would never have thought of 20 years ago.

Mr. David Heath (Somerton and Frome) (LD): I think the House will agree that it is as important that we show as great an interest in small businesses as in the situation of the people in the City. Notwithstanding yesterday's statement on this matter, may we therefore have a debate in Government time on small businesses, in order to answer some of the questions about which Ministers only waffle, such as how we can provide proper access to the small firms loan guarantee scheme, how we can avoid the arbitrary call-in of overdraft facilities by banks and how we can create flexibility on the part of Her Majesty's Revenue and Customs, and discuss the malign effects of the empty property tax?

Chris Bryant: The hon. Gentleman raises important issues, which, as he admits, have already been raised this week. The Government are very keen to make sure that the House is updated in what is a fast-moving environment in terms of the general economy. The most important thing we have done for small and medium-sized enterprises is recapitalise the banks, and I think the eyes of all Members of the House, and all taxpayers in the country, will be on the banks, making sure that they are not paying themselves bonuses and then failing to make loans available to small enterprises. If the money is not circulating to the SMEs, the heart may be beating but the blood will not be circulating around our economy.

Mr. David Kidney (Stafford) (Lab): Will the Government prepare the ground for the next time that the House considers our 40-year-old abortion law, by commissioning an independent study into the operation of the law to date?

Chris Bryant: Obviously, that is a matter for the Secretary of State for Health, and I will pass on that suggestion to him. However, it also falls within the

remit of the Health Committee, and if it were to choose to conduct a further report on the issue of abortion—how it operates, and how people have access to termination services—that would be within its power.

John Bercow (Buckingham) (Con): May we please have a debate in Government time next week, on the Floor of the House, on the proposed changes to the special educational needs and disability tribunal procedure, regulations concerning which were laid before the House by the Ministry of Justice on 15 October? On 16 October, my right hon. Friend the Leader of the Opposition tabled early-day motion 2273.

[That an humble Address be presented to Her Majesty, praying that the Tribunal Procedure (First-tier Tribunal) (Health, Education and Social Care Chamber) Rules 2008 (S.I., 2008, No. 2699), dated 9th October 2008, a copy of which was laid before this House on 15th October, be annulled.]

The motion requested that those regulations be annulled because of genuine and widespread concerns that they advantage local authorities against the interest of parents. Does the hon. Gentleman agree that it is important that the issue be fully aired sooner rather than later?

Chris Bryant: As sympathetic as I am to the comments of the hon. Gentleman, whom I think of as an hon. Friend—*[Interruption.]* Well, I think that the Leader of the House referred to him as an honorary member of the sisterhood. In all honesty I cannot offer him the assurance that he seeks about next week, because I have already declared the business of the House for that week.

Albert Owen (Ynys Môn) (Lab): I welcome the Deputy Leader of the House to his stand-in role, in which he has done an excellent job. He will be aware of the importance of seaports to the economy of the British isles and of the Valuation Office Agency's re-rating of ports, which will be backdated to 2005 and will double the rate in many cases. That will have an impact not only on the owners or authorities that run the ports, but on the small businesses located in them. May we have an urgent debate on the matter? Competitiveness and small businesses will suffer as a consequence, and ask that we reconsider the decision.

Chris Bryant: I will raise those issues with the Treasury on my hon. Friend's behalf. I know that he has raised them elsewhere and been a doughty defender of small businesses in his constituency. The Government can do several things to alleviate the problems of small businesses in ports and elsewhere, notably by paying bills more swiftly, bringing forward capital projects so that small businesses have the opportunity to gain Government funding, and ensuring that there is a significant training package so that businesses are as efficient and effective as they can be in an economic environment that will be difficult for all of us.

Sir Nicholas Winterton (Macclesfield) (Con): Is the Deputy Leader of the House aware that he has a duty to take into account the interests of the House as a whole, not just the interests of his Government? Will he therefore take more seriously and respond to the point made by my right hon. Friend the shadow Leader of the House and the Liberal Democrat spokesman that more time should be allowed on the Floor of the House for a Bill on Report? Any programme motion that the Government table should be fully discussed with and agreed by the Opposition parties and should take account of the number of amendments that have been tabled.

Chris Bryant: I would actually prefer there to be fewer Government amendments clogging up the system. The honest truth is that by the time Bills come to this House, they should be in better nick and should not need the large number of the Government amendments that are often necessary. I know that the Leader of the House is working on trying to ensure that that is true of every new Bill that comes before us. The process of pre-legislative scrutiny that we have introduced should make that easier. In fact, the Bills that have had pre-legislative scrutiny have tended to suffer less Government amendment, although obviously they may still be subject to amendments from others.

The hon. Gentleman makes a serious point, and I know that the Procedure Committee has been considering how we can structure debates on Report in a way that makes it possible to deal with more issues. Yes, I would have preferred it yesterday if it had been possible for us to debate more fully all the issues on which amendments were tabled. However, there had also been a request for a statement on small businesses, and it was important that we had that.

Mary Creagh (Wakefield) (Lab): May we have a debate, perhaps in Westminster Hall, about the situation of UK nationals who have lost money in Isle of Man bank accounts? Such people include my constituent Katy Watts, who had just sold her house after spending four years as a youth worker on the Isle of Man and saw its value disappear overnight when Kaupthing Singer and Friedlander was taken into administration. Constituents of Derbyshire Members, where part of the building society was sent off to the Isle of Man, have also lost everything.

Chris Bryant: My hon. Friend raises important issues, and I am sure that she will want to do so again in the House when the relevant Ministers are here. I shall pass her comments on to Treasury Ministers, and I am sure that they will want to get back to her.

John Hemming (Birmingham, Yardley) (LD): I congratulate the Deputy Leader of the House on the skill with which he is defending the indefensible on issues such as the Human Fertilisation and Embryology Bill.

On Monday I raised the issue of oil with the Prime Minister, at columns 33 to 34 of *Hansard*, and he said that we needed a constantly increasing supply. I find that rather strange, because if we are going to do something about climate change we need to reduce the consumption of oil. May we have a debate about the pressures on Ministers? The Prime Minister has clearly lost the plot, and perhaps the Deputy Leader of the House, standing in for his boss, who is standing in for her boss, would do a better job.

Chris Bryant: I confess that I have not the faintest idea what point the hon. Gentleman was trying to make towards the end. Perhaps he can elucidate it to me later.

[Chris Bryant]

There is a real difficulty when considering climate change. My constituency is quite isolated from most of the labour market in south Wales, and historically people came to live in the Rhondda because there was coal there. Now there are no coal mines. A car is therefore absolutely essential for people to be able to get to work. We must balance the needs of people who need to drive their cars with the need to cut emissions.

Barry Gardiner (Brent, North) (Lab): The Eliasch report, published last week, made clear the importance of carbon markets in a post-Kyoto settlement incorporating reduced emissions from deforestation and degradation. Will my hon. Friend consider making time for a debate about the way in which deforestation contributes 19 per cent. of all global emissions each year?

Chris Bryant: I am sure that my hon. Friend will want to raise that issue in the debate on the Climate Change Bill on Tuesday. Labour Members are proud not only that this will be the first Government in the world to ensure that an emissions reduction is written into statute, but that we are increasing the target from 60 per cent. to 80 per cent. Many of us have had constituents write to us about that.

David Taylor (North-West Leicestershire) (Lab/Co-op): I welcome the Deputy Leader of the House, and I am most relieved that his great talents have been kept well away from his preferred area of Europe.

This week has seen the world day for osteoporosis, a disease that is causing increased bone fragility and a greater number of fractures. There are quarter of a million fractures a year in this country—one a day in each of our constituencies. May we have a debate on the condition, not least to discuss the National Osteoporosis Society's report, "Your bones and osteoporosis: What every man, woman and child should know"? It highlights the importance of diet and activity in heading off the distressing human cost, and indeed the economic cost to the NHS, of something that is largely avoidable.

Chris Bryant: I know that my hon. Friend, whom one day I will manage to persuade on Europe, has pursued this issue for some years. All of us will know from our own constituencies that many people who suffer from osteoporosis would have been able to avoid it if they had been given wiser advice in younger years. I am proud of the investment that we have made in the NHS, which has made it possible for us to open 100 brand-new hospitals. It was shameful for this country that when we came to power in 1997, 50 per cent. of the hospitals had been built before 1948.

Sir George Young (North-West Hampshire) (Con): The Deputy Leader of the House has on three occasions very elegantly sidestepped the main issue that arose from the Government's handling of yesterday's business, so may I have another shot? Can we have the assurance that my right hon. Friend the Member for Maidenhead (Mrs. May) sought—that in future, when we reach the remaining stages of a Bill, the Government will not, in defiance of the normal conventions of the House, table a timetable motion simply to avoid debate on matters that the Government find inconvenient?

Chris Bryant: I cannot give entirely that assurance. The hon. Member for North Southwark and Bermondsey (Simon Hughes) gave the game away a bit when he said that he wanted us to take not the amendments but other things first. When a Bill is being discussed, it is important to deal with the issues on which Members have tabled amendments to clauses that are already in it. However, I know that the Procedure Committee is considering the matter, and if we need to amend the way in which we do our business, I am sure that the Leader of the House will seek to do so.

Stewart Hosie (Dundee, East) (SNP): I welcome the hon. Gentleman to his new role. A series of contracts was awarded in respect of the Scottish renewables obligation in the 1990s. The SRO output is now eligible for renewables obligation certificates, and sales have accrued £120 million, which is sitting in an Ofgem bank account. That money is accessible only by Scotland and can be spent only by the Scottish Government. However, if it were to be accessed and spent, the departmental expenditure limit rules would effectively result in a pound-for-pound clawback from existing spending. Can we have a statement from a Treasury Minister to explain the idiocy of those rules and, more importantly, to tell us when they will be changed?

Chris Bryant: If the facts are precisely as the hon. Gentleman says, the position does appear curious. However, I am cautious, because I have sometimes heard him present facts that I have subsequently investigated and found not to be quite as I would have presented them. We have Treasury questions next week, and I am sure that he will take that opportunity to raise this matter. If he wants to do so, he can, of course, apply for a Westminster Hall debate on it.

Mr. James Clappison (Hertsmere) (Con): On rail safety, is there not a case for a statement if it is true that the Office of Rail Regulation has concluded that a design flaw in track up and down the country is exposing passengers to a risk of derailment? Is it not amazing that this is all being conducted in secret, not least given the fact that the situation is highly relevant to the Potters Bar crash, which took place six and a half years ago and in respect of which there has still not been a coroner's inquest or a public inquiry?

Chris Bryant: I am sure that the Secretary of State for Transport will be interested in what the hon. Gentleman has to say; I know that he has raised this issue on several occasions. There is no desire to keep anything secret. If there are facts that can help us to prevent other situations from occurring in future, obviously we have to learn from them. We will also ensure that the House is informed of them, so that everybody can take part in the debate.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): Can we have a debate on the Severn barrage situation? I strongly believe that the Government want the project to happen, as do local people, within reason. It is a massive civil engineering project that will take years to come to fruition. Local people are concerned, because the plans are moving and mixed signals that we are receiving from Departments are not helping local people to engage in the debate. Can we have a debate in the House to decide exactly what will happen in respect of this project, to discuss the effect of the Welsh Assembly on it and, more importantly, to ensure that local people have a say?

Chris Bryant: This could well be a subject for a topical debate, not least because I know that many Welsh MPs would like to take part in such a debate and to inform the one that has already been going on, to some degree, in the Welsh Assembly. If the Severn barrage were to go ahead, although some environmental issues and issues of relevance to people on either side of the Severn would clearly have to be debated, it is probable that significant jobs would be involved, and we would like them to go to local people.

Mr. Andrew Mackay (Bracknell) (Con): Does the Deputy Leader of the House accept that it is not a trivial matter when the Government announce outside Parliament that there has been a considerable under-reporting of violent crime in a number of police areas, and that that has led to a 22 per cent. increase in violent crime this year? Does he also accept that the situation confirms to members of the public, who know that crime is rising, that the Government have been hiding these facts? Should not a statement be made today, or at the very least on Monday, by the Home Secretary about this very serious issue?

Chris Bryant: The right hon. Gentleman asserts that people know that crime is rising. They know no such thing; the truth is that crime is falling. It has fallen by 6 per cent. again this year, and by 39 per cent. since 1997. Violence against the person has fallen by 7 per cent. over the past year. I do not think that he should cast aspersions around in that way. It is obviously important that announcements are made to the House, and I shall look into precisely what arrangements have been made. The Home Secretary was in the House earlier this week on two occasions. *[Interruption.]* If the right hon. Gentleman will restrain himself, I would be happy to look into the matter on his behalf.

Alistair Burt (North-East Bedfordshire) (Con): Can we have an urgent debate on the role of the media in clarifying Government policy? Such a debate would give the Home Secretary an opportunity to explain to the House why she has barred her immigration Minister from appearing on "Question Time". An appearance on that programme would have given that Minister the opportunity to clarify a contradiction between his statement in *The Times* last week that

> "It's been too easy to get into this country"

with the Home Secretary's statement in the House the following day that UK borders are

> "among the most secure in the world".—[*Official Report*, 21 October 2008; Vol. 481, c. 173.]

Surely we need that opportunity either in the House or on "Question Time".

Chris Bryant: The hon. Gentleman knows perfectly well that the immigration Minister was in this House, and answered the debate, earlier this week. I recall that it was the shadow Home Secretary who was not prepared to speak in the debate and ended up resorting to bobbing up and down like a man on the wide ocean.

Justine Greening (Putney) (Con): Will the Deputy Leader of the House follow up the progress of two internal reviews that the Department for Transport is carrying out at the moment? They relate to freedom of information requests on Heathrow airport expansion; in one case, it took seven months for a response to be given, and I am sure he will be concerned by that. I want to ensure that the internal reviews are undertaken quickly, because, as he will be aware, his Government are taking an important decision on Heathrow in the next few weeks. If I provide him with the details, will he be prepared to follow things up with the Department for Transport?

Chris Bryant: If hon. Members want to bring things to me so that I can chase them up with other Ministers, I am always prepared to do so. All the hon. Lady has to do is find me in my room around the corner.

Mike Penning (Hemel Hempstead) (Con): Today, the Royal British Legion celebrates the launch of its poppy appeal. Can we have a topical debate before 11 December to celebrate the work done by the Royal British Legion and the other veterans' charities, and to celebrate our veterans at this time, when we are all thinking of those who have given so much to our country?

Chris Bryant: I think that the hon. Gentleman meant 11 November, but yes, that is a very good idea for a topical debate, and I shall pursue the matter. We owe an enormous debt of gratitude; my constituency sends a lot of young men and women into the Army and the other armed forces, and we should pay tribute to them in a much more regular and sustained way in this House.

Dr. Julian Lewis (New Forest, East) (Con): May we have a statement soon from a Health Minister on the abuse of public money by the South Central strategic health authority and Southampton City national health service primary care trust in relation to a consultation about fluoridation, which is due to affect Southampton and parts of my constituency? The strategic health authority has issued a very one-sided consultation document, and the PCT must have spent thousands of pounds of public money on producing reply postcards where first-class postage is paid. I am holding one of the postcards, which state:

> "I support fluoridation as a safe and effective method of reducing high levels of dental decay for children and adults."

It is clear that those bodies have made up their minds and that this consultation is a sham, and a Health Minister needs to step in quickly.

Chris Bryant: I do not know whether I want to get my teeth into that issue. *[Interruption.]* There needs to be one bad joke every week, does there not? The important issue is that although I cannot promise the hon. Gentleman a statement, the subject would be very suitable for either a topical debate or an Adjournment debate. Obviously, I shall ensure that his comments are taken into consideration by the Secretary of State for Health.

Mark Pritchard (The Wrekin) (Con): May we have an urgent debate on the siting of incinerators? My constituents are reasonable people who accept that there is a role for incinerators, but does the Deputy Leader of the House agree that companies such as SITA UK need to accept the view of local people in places such as Muxton, Sheriff Hales and Priorslee in my constituency that incinerators should not be sited close to schools and residential areas?

Chris Bryant: Obviously, I do not know the details of the precise siting of the incinerator to which the hon. Gentleman refers. I know from historical issues in south Wales that the siting of incinerators can cause many families a great deal of concern and worry, and that if incinerators are placed inappropriately, they can lead to major health concerns. I think it is important that the views of local people are taken into consideration, but I cannot promise him a debate.

Angela Watkinson (Upminster) (Con): May we have a debate on the impact on the housing market of home information packs? Since their introduction, at an average cost of £400, 1.5 million houses have been put on the market for sale, only 500,000 of which have been sold. That means that £400 million has been wasted on HIPs, which buyers do not want, at a time when high street estate agents are struggling to remain viable.

Chris Bryant: I know that the hon. Lady has always been opposed to the home information packs, which we debated when the legislation went through. I am not sure that now is the right time for another debate on the issue. Obviously she is free to apply for a debate in Westminster Hall, where the Minister concerned would be able to provide her with fuller information.

Mr. Peter Bone (Wellingborough) (Con): Yesterday was a huge embarrassment for the Leader of the House. The previous week, she had promised plenty of time to discuss the Human Fertilisation and Embryology Bill and that there would not be a statement. That did not happen yesterday; the Leader of the House was lent on by the Prime Minister. I hope that the Leader of the House is in fact unwell and recovers soon, and that the reason she is not present is not that she is considering her position today.

Chris Bryant: The hon. Gentleman let himself down towards the end of his question. I am sure that he does not hope that the Leader of the House is ill and that he was not questioning whether what I said earlier was true. As he knows, I was here last week when the Leader of the House said that she would prefer not to have a statement yesterday—

Mrs. May: Except in an emergency.

Chris Bryant: Except in an emergency, as the right hon. Lady says. There was a call for a statement in the House of Lords. I believe that it would be inappropriate for a statement to be made in the House of Lords without its being made in the House of Commons, which I believe to be the primary Chamber.

Hugh Robertson (Faversham and Mid-Kent) (Con): The Deputy Leader of the House will no doubt be aware of the deeply worrying statistic that 36 pubs in this country are closing every week. Clearly that is bad news not only for those small businesses, but for the communities in which they are based. Bang on cue, the Department of Health has produced a new consultation that threatens considerably to add to the regulation on pubs and brewing companies, causing the chief executive of Shepherd Neame, a family brewer in my constituency, to write to me to say:

"This will increase costs on responsible operators at a time when they can ill afford it and at a time when the Government is still apparently considering implementing the punitive rate of duty in the duty accelerator."

Can we have a debate on the future of the pub industry because of the effect not only on small businesses, but on the small communities in which they are situated?

Chris Bryant: There is a complicated balancing act here. Many communities know the problems alcohol abuse, especially by young people and under-age drinkers, many of whom buy alcohol not in pubs but in off-licences. It is right that local authorities have the responsibility to make sure that there are not places where under-age people can get alcohol and that they work closely with the police to close down pubs that enable young people to do that. Yes, there are difficulties for all small businesses, including pubs, at the moment, which is why we have tried to make sure that the banks are recapitalised so that loans are available to small businesses. We have tried to make sure that every small business is—*[Interruption.]* I can hear the right hon. Member for Maidenhead (Mrs. May) chuntering about regulation. I presume that she is now trying to say "Deregulate, deregulate, deregulate." That is what she said for 11 years until she realised that the banking industry needed a little bit of adult supervision.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Can we have a debate on housing, and in particular on the Government's failure to provide adequate infrastructure for new housing developments? I campaigned long and hard for "I before E", or infrastructure before expansion in Milton Keynes, and the Government's response was to introduce a Milton Keynes tariff, where £18,500 is paid towards local infrastructure for every new house built. Unfortunately, with the economic downturn, not many houses are being built. With hindsight, does the Deputy Leader of the House think that any policy based on economic growth was probably slightly shortsighted?

Chris Bryant: It strikes me that the hon. Gentleman has probably not looked at the policy of "Sharing the proceeds of growth", which seemed to be based entirely on the presumption of growth into the future. We want to make sure that the economy continues to grow, but the most important point is the local issue and it relates primarily to local government in his area. That subject would be entirely appropriate for a debate in Westminster Hall.

Philip Davies (Shipley) (Con): A coroner yesterday ruled that 10 servicemen including Flight Lieutenant Stead—a talented pilot whose parents live in my constituency—were unlawfully killed and accused the Ministry of Defence of systemic failures, including the failure to fit protective suppressant foam on their Hercules, which was shot down. Will the Deputy Leader of the House arrange for a Defence Minister to come to the House to explain why there were these systemic failures and why the Ministry of Defence is putting at risk the lives of people who should expect top protection from the Government? In an age when the Government have gone for health and safety gone mad in local authorities, why do they have such a cavalier approach to the safety of our servicemen?

Chris Bryant: Obviously the sympathy of the whole House goes to the families of those who died in the crash and we need to make sure that everything that can possibly be learnt from what the coroner came up with yesterday is learnt. The MOD has made it clear that it pays tribute to the work of the coroner, who it thinks has done a very thorough job in this case, and it intends to do precisely as I said. The hon. Gentleman quite often criticises health and safety legislation. Sometimes health and safety legislation does save lives.

Mr. Philip Hollobone (Kettering) (Con): Every year hundreds of children are injured by fireworks, and while there is strong support for organised firework displays, there is growing concern about the antisocial use of fireworks and the distress they cause to both people and animals. With bonfire night approaching, could we have a topical debate or a debate in Westminster Hall on the Government's legislation with regard to the control of fireworks?

Chris Bryant: This matter comes up annually and every Member will have large numbers of constituents getting in touch with them to ask whether there should be further legislation on fireworks. When I was elected in 2001, there was practically no legislation on fireworks; it was pretty much an unrestricted market, except for the precise circumstances in which they could be sold. We have moved some considerable way. I find it slightly difficult to be an ardent repressor of fireworks because I rather like them.

Point of Order

12.26 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. On a number of occasions you have expressed your concern about the use of amplifiers by protestors in Parliament square, and we had a meeting with representatives of Westminster council on this issue some months ago. We were told that the licence for the use of loudhailers would run out at the end of January this year and that we would be informed if any application was made to renew it. Evidently no such application has been made and yet the use of the loudhailers goes on persistently, incessantly and at unreasonable volume. Will you please consider writing to Westminster council and urging it to enforce the law, irrespective of the fact that the Government will bring forward new legislation that may affect this matter in the future? That has not happened yet, but the law of the land is as it is and should be enforced.

Mr. Speaker: I promise the hon. Gentleman and the House that I will look into this matter.

TOPICAL DEBATE

Work and Skills

12.27 pm

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): I beg to move,

That the House has considered the matter of work and skills.

I am very pleased that we are debating this extremely important issue today. I am conscious that I have taken up the post of Employment Minister at a time when the labour market faces great challenges as a result of the instability affecting the global economy, but I have already been struck not only by the important role that the DWP plays—in particular with Jobcentre Plus—but by the progress there has been in the services provided through the Jobcentre Plus network, in helping people to move away from dependence on benefits and into work, and by the range and complexity of the issues that it addresses daily.

I am also keenly aware that topical debates are principally for Back Benchers, so half hours from me, from the hon. Member for Hertsmere (Mr. Clappison) and from the hon. Member for Rochdale (Paul Rowen) probably will not do. I do not want to take up too much time by way of introduction.

I know that Jobcentre Plus operates in each and every one of our constituencies. Helping people into work and supporting them while they find it is the reason why it exists. We know that the continued success of Jobcentre Plus will be central to our ability to help those among our constituents affected by unemployment to get back into work as quickly as possible. I am very clear that the active system of support developed over the past couple of decades—I am happy to acknowledge that it came partly from the previous Government, but it has been greatly strengthened and deepened since 1997—puts the country in a far stronger position to deal with the consequences of the storms that have been affecting the world economy in recent weeks. However, we also need to be ready to do more and to respond quickly and flexibly to the new issues and challenges that we surely face. I want to spend what little time I have elaborating on the future, rather than on where we have come from.

Mark Pritchard (The Wrekin) (Con): The Minister and I are former Harrow councillors, and I remember discussing unemployment in that area with him several years ago. Rising unemployment was a problem then as it is now. Will he look again at an issue that I raised when I served on the Work and Pensions Committee? Before the Government close Jobcentre Plus offices, will they look at the unemployment rate in the area? Does it not make sense that Jobcentre Plus offices should be retained in areas where unemployment is highest?

Mr. McNulty: That is a fair point. I am grateful to the hon. Gentleman for making it clear that we served on Harrow council together, as the last time he mentioned it he talked of us being at Harrow together, with all the wrong connotations that that has. I am clearly not an old Harrovian.

The point that the hon. Gentleman raises must be one of a range of considerations in the decision to close job centres. I should emphasise that we are shifting more and more staff to the front line to deal with people. One aspect of the expansion and improvement of the network is the fact that people are accessing the services of Jobcentre Plus in other ways than the old traditional method of going into the office. However, I take the broad point and I have in my diary a series of meetings with people who have such concerns.

Mr. Oliver Heald (North-East Hertfordshire) (Con): In the Select Committee yesterday, we heard evidence that long-term unemployment is set to quadruple to some 600,000 a year. Does the Minister agree that it is a bit odd that a debate on this issue has not attracted a single Labour Back Bencher?

Mr. McNulty: My hon. Friend the Member for Luton, North (Kelvin Hopkins) is in his place. Pointing to attendance is an easy game to play and I shall not get into it. I firmly and passionately believe that the Ulster Unionist party, Plaid Cymru, the SNP, the rest of the Liberal Democrats and my colleagues share our concerns about unemployment. I am not about to suggest at any stage in my speech that Labour Members, present or absent, have a monopoly on sentiment when it comes to the serious issue of unemployment—*[Interruption.]* Well, they are busy doing other things, probably not least helping people in their constituencies, given that this debate is subject to a one-line Whip. That is entirely a matter for them.

The hon. Gentleman's first point, about the trends in unemployment and the extent to which we might see a rise in longer-term and harder-to-reach unemployed, is well made, and it goes to the point that I was about to make. Now is not the time to flinch on conditionality, pathways to work or providing active support for the unemployed. That happened—I am not making a political point—in the early 1980s, and we need to learn the lessons of that. I am happy to suggest that the Opposition have learned those lessons. Conditionality and helping the longer-term unemployed back into work remain uppermost in the work of Jobcentre Plus.

Mr. Simon Burns (West Chelmsford) (Con): Will the Minister give way?

Mr. McNulty: I see that the Whip has moved from the Front Bench to the Back Bench, and I shall give way so that he can make his no doubt facetious point.

Mr. Burns: I am disappointed that the Minister thinks that I wish to make a facetious point, given the seriousness of the problem of unemployment in Chelmsford and the east of England. What is he doing, with the Minister for the East of England, to address unemployment and the need for skills improvement? Can he also enlighten my constituents as to who is the Minister for the East of England?

Mr. McNulty: That is a reasonable point. In the broader context, the National Economic Council, the regional economic councils that are being developed and the regional councils for Ministers are addressing the issue of unemployment, and working with local authorities and regional development agencies on that.

I have yet to attend a council for Regional Ministers so the name of my hon. Friend escapes me, which I am sure will assist the hon. Gentleman in his attempt to be facetious—*[Interruption.]* No, the east of England has not escaped me—*[Interruption.]* Well, that is a matter for the hon. Gentleman.

The serious point was about the National Economic Council and regional economic development, and how unemployment fits in with that. That point was fairly made and I shall ensure that the hon. Gentleman gets a little paper outlining those structures. I do not know about the east of England, but I know that the east midlands already has in place regional economic forums that meet regularly to bring together all the key partners, including the RDA, the private sector, Jobcentre Plus and others, to discuss economic development and address any deterioration in the labour market. In any case, I say well done to the hon. Gentleman for making his facetious point.

There continues to be a real dynamism in the labour market. There is a huge churn in jobs and vacancies, with people coming on to jobseeker's allowance and coming off it too. The picture is not static. The House will know that there are regularly as many as 600,000 vacancies, but that figure is also subject to churn. Some vacancies never reach those statistics because they are filled before they can be correlated with the figures.

Mr. Philip Hollobone (Kettering) (Con): I am receiving a growing number of complaints from constituents who are taking up jobs after being out of work. They suffer from the delay between the immediate loss of benefits and the receipt of their first wage packet, which provides a clear disincentive to finding work for many people, especially single mothers in straitened circumstances. What steps are the Department taking to try to smooth that transition?

Mr. McNulty: That is a fair point and I will look into the technicalities of it. The transition into work should be as smooth as possible, and there should be no disincentives en route. I am pleased that some 60 per cent. of JSA claimants get back to work within three months, and 80 per cent. do so within six months. Although we need to do better, those are phenomenal performance figures. Nobody yet knows the exact nature of the new inflow—to use the jargon that I have just learned, although I am trying to avoid it—as they may come from different sectors and geographic areas. It is almost a cliché now, but I have said in the past that Halifax and Bradford & Bingley are not simply brand names but places. In those places, there are many employees who are wondering about the consequences of the upheaval in the financial sector. I do not know how that will shake out, but Jobcentre Plus is considering what will happen when a newer cohort of financial professionals presents in greater numbers than they have done before. We need to start looking at such issues.

John Penrose (Weston-super-Mare) (Con): The Minister mentioned the dynamism of the labour market. Does he accept that part of the problem with the current unemployment figures is the churn caused by people getting a short-term job, then losing it and going back into unemployment? Some of that is negative, rather than evidence of dynamism in the job market. It is important for the Government to ensure that jobs are sustainable, and they may need sustaining through Government help in the crucial first weeks and months.

Mr. McNulty: I accept that. That is why I tried to use dynamism in the most literal sense, to mean a lot of change and a lot of activity. There will be those who will come on to employment at the shorter-term end, and we need to stop that. Increasingly, particularly with some of the harder-to-reach groups, that means we must ensure that when we say that they are ready to work, they are ready to work and can do so in a sustained fashion. I accept that it is in no one's interest to have a merry-go-round of on-off claimants.

The answer to the question asked earlier by the hon. Member for West Chelmsford (Mr. Burns) is that the Minister for the East of England is my hon. Friend the Member for Stevenage (Barbara Follett).

Mr. Burns: Was that answer from the Box?

Mr. McNulty: No, it was just inspiration from somewhere or other. Where it came from is not the hon. Gentleman's concern.

I take the point made by the hon. Member for Weston-super-Mare (John Penrose) about sustainability. I repeat the fact that 80 per cent. of reported people who go on to jobseeker's allowance get back into work within six months. That is a very good figure, but clearly we need to do better; we need to ensure greater sustainability. There will always be a hard core of people who go into work, come out, go back in, and then come out. We need to try to prevent that, especially in the hardest-to-reach groups, such as lone parents and others.

Kelvin Hopkins (Luton, North) (Lab): I congratulate my right hon. Friend on his promotion and on his new job. He talked about Bradford & Bingley, the financial markets and what has happened. That catastrophe has occurred because financial markets have been left to themselves and globalised without intervention or regulation. Is not the same true of skills? If we leave skills to be developed by the markets, by people learning on the job and by people picking things up, we will suffer the same disadvantage, with other developed nations. Does my right hon. Friend accept that we have to be proactive, to drive skills forward and to teach young people rigorously to ensure that they have the skills and that we do not suffer such disadvantages in future?

Mr. McNulty: I agree with much of what my hon. Friend says. I do not agree that there is now a mixed economy, for want of a better phrase, in skills provision or that there has been a laissez-faire approach that has somehow led to a diminution in the importance of skills. I do not think that that is necessarily accurate. The work that the Department for Innovation, Universities and Skills is doing alongside the Department for Work and Pensions is very important and there has been much progress.

I agree with my hon. Friend that in much of the other work that DWP and Jobcentre Plus are doing we need to start looking forward and to understand the consequences of the economic turbulence, not least in the financial sector, and to respond accordingly to what we think the future of skills provision might look like. I can assure my hon. Friend that a lot of close work takes place between the Department for Innovation, Universities and Skills, my Department and others in that regard, in

[Mr. McNulty]

trying to preserve people in their jobs, to support sectors and to encourage reskilling and refocusing where possible. I was going to come on to that in the short time that I have left.

My hon. Friend will know that in collaboration with the Department for Innovation, Universities and Skills we announced last week a cash injection of some £100 million over the next three years to help people who are newly redundant, or who face redundancy, to move into another job quickly by supporting them to refresh their skills or to retrain. Earlier this week, my right hon. Friend the Secretary of State for Innovation, Universities and Skills announced a £350 million fund that will refocus the in-work support available through Train to Gain to help small businesses deal with the tougher economic climate by developing the skills of the staff.

My hon. Friend the Member for Luton, North might not yet have seen the details of the announcement by my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform of his wider solutions for business and of the company support package that was announced earlier today.

Mr. Heald: Is this really new money? The £350 million Train to Gain budget was already there. Is the £100 million genuinely new money or is it a re-announcement?

Mr. McNulty: I said very clearly that the £350 million was about a refocus given the context of the situation. I was not saying that it was new money. At the moment, the £100 million is made up of £50 million of new money, via the European Social Fund, and £50 million of Train to Gain money, refocused and reprioritised. It must be right for us to refocus and reprioritise, given the extraordinarily fast pace of change in the wider economy.

I want to discuss the matter in more detail with the relevant Ministers, but I agree with my hon. Friend the Member for Luton, North that there is an issue about the wider life skills that people are getting in schools. If the future is to be a far more credit-restricted period than otherwise, the notion from the 1980s and 1990s that people could secure credit for anything they liked, any time they liked, must change. That level of responsibility and focus on the individual through their life skills is probably something that we need to do more about. I do not accept, either from the DWP perspective or that of DIUS—I was trying to resist saying DIUS—that the circumstances of the provider, whether they are private, third sector or public sector, determine the level of professionalism in what they offer.

Notwithstanding the point made by the hon. Member for North-East Hertfordshire (Mr. Heald), the money that we are making available along with the Department for Innovation, Universities and Skills, the greater focus on Train to Gain, what my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform has said today about support for business and the announcements already made—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order.

12.46 pm

Mr. James Clappison (Hertsmere) (Con): We, too, welcome the opportunity to debate work and skills, but before we do so I want to welcome the Minister to his new post. We look forward to debating these issues with him. For quite how long we will be able to do so, I do not know. He will be aware that there was a major reshuffle in the Government ranks just before the summer recess. In fact, so far this year every member of the ministerial team has changed, including the Secretary of State. The right hon. Gentleman's predecessor was in place for only nine months, and his predecessor for only six months. The right hon. Gentleman might just have enough time to master the jargon and wish us "Merry Christmas and a happy new year" before he is on his way again. However, we look forward to debating with him in the time that is left.

This is a Government debate in Government time. We note the level of participation on the Labour Benches, although we look forward to having a debate with the hon. Member for Luton, North (Kelvin Hopkins) as well as with the sole representative of the Liberal Democrats and my colleagues in the Opposition. Notwithstanding that limited participation—*[Interruption.]* The hon. Member for Stroud (Mr. Drew) is a latecomer to the debate, in quite what circumstances I do not know.

Notwithstanding the levels of participation on the Government Benches, we understand the salience of this subject to our country today. It is certainly not lessened by last week's news on unemployment. That news makes it all the more important that we should have an effective system for helping people to get off benefits and into work and, in the case of the newly unemployed, preventing an undoubted blow from becoming a longer-term tragedy.

This time last week, I was in the jobcentre in Harlow, hearing first hand what is happening. Part of the picture seems to be that alongside the rise in the number of people becoming unemployed, there is a reduction in the number of job vacancies. I know that Ministers are apt to talk about the level of vacancies, but I have to tell this Minister that people are reporting fewer vacancies. That is the real experience of people looking for jobs.

The Minister mentioned the situation with Bradford & Bingley and the pain that job losses can cause. In fact, several hundred of the job losses announced by Bradford & Bingley fell in my constituency, in the town of Borehamwood. I was in the jobcentre in Borehamwood a fortnight ago. My hon. Friend the Member for Weston-super-Mare (John Penrose) made a good point about helping people who have come from financial service backgrounds to find work. The Minister's response to it was also well made. We will certainly work together with the Government on that.

Mr. Heald: Vacancies are often mentioned as a sign of dynamism in the labour market, but is my hon. Friend aware that the number has roughly halved since July 2004? It has gone down from about 1 million to about 575,000. The number of vacancies usually halves in a recession. That will mean that if we go into recession, we will be looking not at a dynamic labour market but a stultified one.

Mr. Clappison: My hon. Friend makes a very important point about statistical trends, and it is borne out by what people tell us that they experience when looking for a job.

Quite apart from people who are unemployed and in the job market, there is a longer-term problem that we must not lose sight of. Behind the unemployment statistics, there is a picture of deep-rooted worklessness and economic inactivity that has persisted for a number of years. It has been aggravated by a lack of skills in key areas and in some sections of the population.

The official measure puts unemployment at 1.79 million, but we know that millions more people who are not in the labour market are economically inactive for a number of different reasons. The national statistician has told me that, of the people who are economically inactive—and quite apart from those measured as unemployed—there are 2 million who say that they would like to get a job. In many cases, they could get a job with the right help and support but, as matters stand, that is not always available for them. It may be that many of them are present in the ranks of those in receipt of incapacity benefit, and at 2.6 million people that remains a stubbornly high figure. It is a particular worry that, in the past seven years, the number of claimants in receipt of incapacity benefit for more than five years has increased by 270,000—a total that accounts for the majority of incapacity benefit claimants.

All too often, existing claimants have been put at the back of the queue. It is very much part of our thinking that, wherever possible, we want to help all economically inactive people, including the hardest to help. I invite the Minister to turn his attention to our policy proposals in that regard.

Mr. David Drew (Stroud) (Lab/Co-op): With that in mind, does the hon. Gentleman not think it rather strange that the Department should continue to remove people working in Jobcentre Plus? Would he like to join the campaign of the Public and Commercial Services Union to draw attention to the need to stop that? Does he agree that there should be a moratorium on those job losses?

Mr. Clappison: We would certainly join forces with the hon. Gentleman and others in giving individual help to people. I invite him to look at our proposals to put in place a funding mechanism to allow that help to be provided, including to the hardest to help. Under our proposals, they would not be at the back of the queue while the "easier" people are helped first.

We should not allow ourselves to be misled by the picture that is sometimes painted about the level of employment in the UK. In part, that picture reflects the number of people from both inside and outside the EU who come here to work. In those circumstances, talking about the level of employment is not the same as getting economically inactive people back to work. Ministers need to be aware of the scale of what is happening with people from inside and outside the EU coming here to work, and its effect on the employment level.

Two weeks ago, the Secretary of State for Work and Pensions asserted that

"800,000 more UK-born people are in work than there were in 1997."—[*Official Report*, 7 October 2008; Vol. 480, c. 205.]

A different complexion is put on that figure by what the national statistician told me this week in a written parliamentary answer. She said that, over the same period, 1.7 million people who are non-UK born have found work in the UK.

Similar deep-rooted problems exist in the field of youth unemployment. It is a simple yet salutary fact that, despite all the claims made for the new deal, there are more unemployed 16 to 24-year-olds in the country today than there were in 1997. That may have been what led the right hon. Member for Birkenhead (Mr. Field) to write of the new deal a week ago:

"It is little short of a calamity: 300,000 new dealers under 25 have had to enrol twice on the course, 88,000 have enrolled for a third time and more than 25,500 have started the scheme four or more times. The number of young people not in employment, education or training is at a record level".

Although I might not go quite as far as the right hon. Gentleman in calling the new deal a "calamity", I hope that we can all accept the finding of the recent report from the Social Market Foundation. It said that the recent performance of the new deal had been less than impressive and that the number of job outcomes had "dropped significantly". I hope that we can make common cause on the new deal, as the Minister's predecessor, the present Financial Secretary to the Treasury, wrote the foreword to the report and welcomed it.

It is welcome that the Government have recognised the problems with the new deal, and that they have decided, in effect, to abolish the substance of the new deal programmes. We want to take a constructive approach to bringing help to unemployed and economically inactive people. We have brought forward our own proposals, and I commend them to the Minister. We have advocated the early assessment of people's needs, tailoring support to individual needs, sustained support, mentoring, getting people into sustainable jobs—an important thing in the present economic climate—and putting in place the funding mechanism that I have mentioned already and that will enable all that to be achieved.

Of course, equipping people with the right skills will be very important in helping them to find work. It will also help to keep people in work who have found work after being unemployed, and help those who have yet to enter the labour market. Skills are vital for obtaining work and for making progress once in work. The Minister may have wanted to say a little more about skills if time had permitted, but the Opposition have brought forward our own very significant policy proposals in that regard.

We are conscious of the background to the problem and of the challenges ahead, and recognise that much remains to be done to ensure that skills are as widespread as possible in our country. We understand that there are 5 million adults who are functionally illiterate, and several hundred thousand young people who are not in any kind of education, employment or training.

John Penrose: It was welcome to hear the Minister set out a couple of examples of how the Train to Gain budget will be refocused. As far as I can see, the Train to Gain process has involved an awful lot of certification of people who already have skills, and not much in the way of the creation of added-value skills. In many cases, it has created a huge deadweight cost, with Government money used to pay for training that was already going to happen under existing company budgets.

Mr. Clappison: My hon. Friend makes his point extremely well. Far too much of what has been claimed to have been achieved has been the assessment and certification of skills that people already have. That has taken precedence over giving people the skills that they need, especially in the work place. I am very interested

[Mr. Clappison]

to hear that the Train to Gain money is to be refocused. I am not sure what that means in this context, but doubtless we shall find out in the fullness of time.

It is common ground between us that more needs to be done to help people to reach higher levels of skill. Last year, the Secretary of State for Innovation, Universities and Skills accepted that we must do better if we are to be competitive in a global economy and to offer new opportunities. To achieve that, however, we need to have the right framework in place.

I remember when the Bill that became the Learning and Skills Act 2000 passed through this House. It established the learning and skills councils to fulfil the role of providing people with skills and apprenticeships, and replaced the training and enterprise councils, even though they had a successful track record of devolving responsibility to the local level and involving private enterprise. My right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) played a large part in setting up the TECs, and I recall him describing the LSCs as being merely a change for change's sake.

On top of that, we now have more change. Just a few years on, it seems that the LSCs were not the answer after all. They are to be replaced by three new bodies, to add to the pantheon of bodies that are involved in the provision of training and further education. The Government now say, as the Secretary of State the Secretary of State for Innovation, Universities and Skills put it, that they want to put

"employers at the heart of the skills system."—[*Official Report*, 18 July 2007; Vol. 463, c. 298.]

That is precisely where employers were before the Government interfered with the training network in the first place.

We have brought forward our proposals on skills. Putting skills in the work place and putting employers in charge of providing them is at the core of our proposals. We want to bring help to small and medium-sized enterprises to enable them to do that. We want the process to give special help to them and to the people whom we now call NEETs—not in employment, education or training. We also want to give a better deal for adult community learning.

We have a very wide agenda on skills. We recognise that there is a need for fresh thinking on the subject, and we will provide it.

12.59 pm

Kelvin Hopkins (Luton, North) (Lab): I came along to make one or two interventions, but I am pleased to have the opportunity to make a slightly longer speech. I am a co-chair of the all-party group on further education and lifelong learning, and I am glad to see my fellow co-chair, the hon. Member for Weston-super-Mare (John Penrose), in the Chamber. I used to teach in further education, and have a long-term interest in skills; I used to read and write a lot about the subject in my time as a trade union research officer. I have always had a deep concern about the poor skills of so many of our fellow countrymen and women when it comes to employment.

In recent years, the Moser report has pointed out that half the population are not functionally numerate. Indeed, 50 per cent. of the population do not understand what 50 per cent. means. We have a problem that has not been addressed at school level, let alone at training level. During the 1980s and 1990s, the National Institute of Economic and Social Research undertook lots of research comparing us with other countries. It found that in Germany, apprentices would typically have many hours of pedagogy—rigorous teaching—every week. When that was explained to those who led the training and skills industry in Britain, the response was, "Well, that wouldn't be appropriate in the British context." That was just a cop-out; they were not prepared to undertake that level of skills provision.

Comparisons were made between apprentices in France and Britain. It was found that apprentices in France knew basic mathematics, and when they took a very simple mathematical test they could get all the questions right in a few minutes. In Britain, a comparable group of apprentices could not do any of the sums at all. There were serious problems at a very basic level. Those problems are still there. I will say to my right hon. Friend the Minister that the Government have recognised that and are trying to deal with it, particularly at school level, but we have not got there yet. My concern is that we have not much considered the interface between the teacher or lecturer and the apprentice, schoolchild or student. We do not deal with the issue at that level.

Mr. Heald: I do not know whether the hon. Gentleman remembers the report by the Institute for Fiscal Studies and the Centre for the Economics of Education on the extent to which qualifications give a person an earnings advantage in the labour market, but its findings on level 2 national vocational qualifications were stark: they had no impact at all, although level 3 qualifications did. Does he not agree that there is a strong lesson there on how we build apprenticeships and the sort of qualifications that really count to employers?

Kelvin Hopkins: My concern is that we have a lot of qualifications, but underneath the qualification the level of skill is often inadequate. German factory workers can typically not only do mathematics but speak a foreign language. They can handle a foreign language, and their language, very well. We are failing in that. The OECD has shown time and again that the gulf between the best educated—the highest achievers in Britain—and the lowest achievers is wider than that in almost any other country in the developed world. We have to address that problem.

There has been a lot of debate about the fact that we are facing a recession, in which there will be unemployment. There will not be jobs. It is obvious that supply-side reforms, welcome though they are, will not solve a demand-side problem. I am glad to say that last weekend, the Chancellor mentioned the great John Maynard Keynes again. I used to teach economics, and Keynes used to be highly regarded—in fact, I still regard him highly—but we have been through a period of madness in which lesser brains have dominated the economic policy agenda. About 15 years ago, I had a debate over lunch with a former deputy economic adviser to the Treasury. I asked him a simple economic question; he could not answer it and lost his temper. I suspect that Keynes would not have done that. According to last night's *Evening Standard*, even Bertrand Russell found Keynes's intelligence intimidating. I do not think that

any of the monetarists intimidate me. We have to look to some of the Keynesian recipes, used in the '30s to solve our problems. When the economy recovers, we will need people to be skilled. The modern world cannot rely on people just picking things up on the job, without being able to do mathematics or even handle their own language very well. We have to tackle those basic skills problems.

There are many small companies, and many more smaller companies today, and some apprenticeships cannot be sustained by them. They are fearful of taking on an apprentice because they fear that once the apprentice is trained, he or she will get a job with someone else who pays better. One case that I have written to Ministers about concerns those in the historic vehicle restoration business. Apprentices in that business are highly skilled, but as soon as they are trained, they can get much better paid jobs in the motor sector looking after insurance repair jobs. People in that field are very highly paid; of course, insurance companies pay well for cars to be repaired. Apprentices have to be sustained properly in such small companies. The only way to ensure that is to place a levy—based on turnover, not headcount—on all companies, so that the whole economy pays to sustain apprenticeships, particularly among small companies. I hope that I can urge my right hon. Friend the Minister to persuade his friends in other Departments that the issue is important.

I have said most of the things that I wanted to say. Many other Members want to speak—

Mr. Burns: Really?

Kelvin Hopkins: Perhaps hon. Members came just to listen to my speech, but I guess that they do want to speak. I am grateful to have had this opportunity, and hope that some of my points will be taken on board.

1.5 pm

Paul Rowen (Rochdale) (LD): I too welcome the Minister to his position. It is the first time that we have debated together. I welcome the opportunity to debate this issue, given the context: last week, the largest rise in unemployment for 17 years was announced, bringing the figure up to 1.79 million. It is likely to rise to more than 2 million by Christmas, so the issue is obviously important.

I begin by concentrating on what the hon. Member for Luton, North (Kelvin Hopkins) said. It is true that, when it comes to skills, this country has let itself down in the past. The Leitch review set us ambitious literacy and numeracy targets. In 2005, some 85 per cent. of adults were classed as numerate, and 79 per cent. as literate; we are planning to get that figure up to 95 per cent. Those are ambitious, difficult targets.

The centrepiece of the Government's skills policy in the past has been Train to Gain. I note what the Minister said earlier about refocusing that, and moving £50 million from the Train to Gain pot and using it to deal with unemployment. The Train to Gain pot, which will be £1 billion by 2011, has been consistently underspent. A statement was issued recently, which I have not seen, to say that £350 million of that money will be refocused on small and medium employers. I would certainly welcome more information on how that will happen. It is quite clear that employers have not taken up the Train to Gain money because of the often bureaucratic and difficult process that they had to go through to access it. I welcome anything that makes that process easier.

It is true that in a period of recession—I heard what the Secretary of State said on the subject last week—we have to learn the lessons from the previous recession before deciding what to do. It should not just be a case of paying people benefit once they are unemployed, as happened in the past. We need to do more to help them to find employment and to do gainful work.

Mr. Drew: My area has a particular problem: young people of no fixed abode come to it to look for work. They are in a double bind. The situation is different now because of the lack of affordable housing in places such as Stroud. Will the hon. Gentleman accept that the problem is not just about finding someone a job? Often it is about finding them accommodation so that they can get a job.

Paul Rowen: I agree, and later I shall come to what we can do to deal with those two problems. This month, the number of jobseekers has risen from 31,800 to 929,900. I accept the point that the Minister made: people are moving in and out of those figures. Nevertheless, the large number of long-term unemployed is an issue of concern.

I want to talk a little about what the Government can and should do to get more people back into work. I want to use as an example some of the work that my local council in Rochdale has done to get people into work, because that is vital. Rochdale has set up a joint project with Oldham called J21, which is tied to the development of the large industrial development at Kingsway. Between them, members of the Kingsway recruitment team have trained 1,300 people and helped get them into work over the past two years.

In Rochdale and elsewhere, however, there has been a large increase in the number of redundancies. I do not know whether the Minister saw the announcement last week by MFI that a number of its stores would close. After the receiver looked at which stores were viable, the closure of 86 stores was announced. That announcement was made in a national newspaper—the *Daily Mirror*—last Friday. If employers are to issue redundancy notices by that method, it brings into question how such things are done and what is the right way of going about it. There was no warning to the employees who were affected: they read it in the newspaper. If unemployment is going to rise, we must make sure that we have mechanisms in place to deal with that. The Minister's commitment not to close Jobcentre Plus offices in areas with high unemployment is therefore welcome.

John Penrose: I am glad that the hon. Gentleman mentioned redundancies. Does he agree that, particularly with the announcement of redundancies for people who are middle-aged or older in the jobs market, it is unfortunate that in the past couple of years the Government have begun to focus further education funding on training for people who are under 19 and certainly under 25? FE's traditional role to reskill people in their 30s, 40s and 50s after involuntary redundancy has been lost, and that will impact materially on the ability of those people to retrain and to get jobs in this difficult economic climate.

Paul Rowen: I completely agree, which is why I am interested in knowing what the Minister meant when he spoke about refocusing Train to Gain. In the next few years, we will not be talking so much about upskilling as about reskilling.

In that context, I wish to raise the issue of adult apprenticeships. The Government put £25 million into that pot last year, and the figure will rise in a couple of years to £90 million. Given what we are going through, the Minister needs to look at whether that pot of money can be substantially increased. By comparison, nearly £1 billion is being spent on youth apprentices—I have no problem with that, and welcome the provision for more youth apprentices—but more adults will be unemployed, so there is a definite need to ensure that the issue is addressed.

I am running out of time, but I believe two more things must happen. We need to make sure that we achieve better links with housing and that we use different projects to do so. The Chancellor has said that projects will be brought forward, and I should like commitments to be written into those projects to—

Mr. Deputy Speaker: Order. The hon. Gentleman has used up his time allocation.

1.13 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I begin by welcoming the commitment of the Liberal Democrat spokesman, the hon. Member for Rochdale (Paul Rowen), to the Conservative policy of strengthening and increasing the number of apprenticeships. We started doing that in government, as it was Lord David Hunt who came up with modern apprenticeships schemes as a way of improving young people's education. It is something on which the Government, to give them their due, have built, but we would like to expand it still further.

John Penrose: Does my hon. Friend agree that an awful lot of the Government's claimed increase in the number of apprenticeships is, in fact, a rather creative piece of accounting, because modern apprenticeships were all level 3 and above, whereas the figures for what are now called higher apprenticeships have dropped substantially since 2001? All the increases have taken place in modern apprenticeships at level 2, which offer substantially less valuable employment opportunities.

Mr. Heald: I agree. I was going to make the point that level 2 does not really hack it, and that we need to provide apprenticeships at level 3. We must move people at level 2 to level 3 if we are to achieve gains in employability and the amount they can earn, which is increased by having better qualifications.

At the outset of my contribution, may I make a point about topical debates? I was a member of the Modernisation Committee, and I am a strong supporter of topical debates. However, they depend on the Leader of the House choosing a topic that the House wants to discuss and considers topical. The Minister should report back to the Leader of the House on today's feeble attendance. Work and skills was a subject that Labour Members used to debate the whole time, particularly when the economy was doing better and the labour market was stronger. Today, to have literally one Government Member giving a speech, when the Leader of the House herself chose the subject, is not good enough, and it will lead to topical debates dying out if things carry on like this. The Minister may like that idea, but I do not.

I have followed the labour market a good deal over the years: I served on the Employment Committee, I was Conservative spokesman on the subject, and so on. Earlier this year, I was concerned that the quarterly survey published by the recruitment industry showed that the industry was robust in finding short-term positions for people, but that permanent positions were proving hard to fill. That is often a precursor of a recession: companies across the country are not prepared to make the commitment to the long-term employment for staff. Recent figures show that the claimant count has increased by 31,800, and the labour force survey showed an increase in unemployment of 164,000. The projections from the think-tanks are alarming. Yesterday, the chief economist of the Social Market Foundation gave evidence to the Select Committee on Work and Pensions and said that his estimate was that long-term unemployment, which is just under 150,000, would quadruple over the next couple of years to 600,000.

Recently, the Ernst &Young ITEM club produced a survey on the overall scale of unemployment, both short and long-term, and suggested that the claimant count would double. Against that background, the Government must review their policies on employability practices. I wrote a pamphlet about trying to audit the new deal in 2004 entitled "Auditing the New Deal: What Figures for the Future?", in which I made the point—and I think that many people agreed—that providers of the new deal made quite a bit of money on the back of the general improvement in the labour market. The labour market expanded and, yes, people found jobs, but no one who looked at the issue seriously was of the view that many of those jobs were the result of someone having a new deal interview. When the Government hit their target of 250,000 young people going into employment, the National Audit Office produced a report saying that only about 8,000 of that total would not have found work anyway. Of course, 8,000 is something, but it is nothing like what was being claimed.

The Minister should accept as part of his new responsibilities that the new deal was a policy that appeared to work well when the wind was behind it, the labour market was expanding and all was set fair. Now that we are in a situation in which it appears that the opposite is going to happen and that there will be a contraction in the labour market, the Government must look again at their capacity to deal with unemployment and how they will deal with the longer-term unemployed.

It is often said that there are many vacancies in the economy. It is true that there are about 575,000 vacancies in our economy, but in 2004 there were almost 1 million. The last time we had a major recession was in 1990-91 and, in that recession, the number of vacancies halved and unemployment rose sharply. If, as seems to be the case, we are to have a major recession, all sorts of assumptions that the Government have been making about a flexible new deal must be changed.

In my pamphlet, I suggested that we needed to focus the effort on the people who had genuine barriers to employment and tailor the packages to their needs. There should be an early triage to find out what the problems are—the person may be an alcoholic, may be unable to read and write, or may have one of the other

classic barriers to employment—and to offer them without delay a tailored package probably provided by the private sector or the not-for-profit sector.

I pointed to the evidence in America, which was very promising. Since then, as has been said, there have been reports about the Wisconsin experience, which has been remarkable. By means of tailored packages, the claimant count there has been reduced by 80 per cent. in three years. That is a tremendous achievement. Such focused approaches are the right way forward. Although it does not go as far as I would like—it does not have the triage and there are faults with it—the flexible new deal is a step in the right direction.

However, all the prime contractors who are waiting for the Government's decision next February have been assuming that the labour market would be roughly what it had been. The Government are producing performance targets that the prime contractors are supposed to aim at. Those targets do not assume that we will have a quadrupling of long-term unemployment. If we do, the prime contractors will have a number of problems. First, do they have the capacity to cope with 600,000 rather than about 150,000 unemployed? That is a massively higher number. Secondly, the flexible new deal is outcome-based, so the payments are back-loaded. That means that the prime contractors are taking on substantial risk while the individuals receive advice, their tailored packages, and so on.

It is one thing to take a risk on 100,000 people; it is quite another to take a risk on 600,000. The capital needed to be able to do that would be substantial. As the Minister is starting afresh in his role, will he have a serious look at whether the model will work in the world of employment that we are entering, or whether it is necessary for the Government to think again about how they underpin the flexible new deal to ensure that the capacity exists?

It is all very well speaking about prime contractors, but others are involved. There are the subcontractors—good-hearted charities, voluntary bodies and not-for-profit providers who desperately want to help people with social and medical problems. There are the individuals themselves. Some of the most vulnerable people in our society are in that category of the long-term unemployed. For the sake of the small subcontractors—the good people who want to do good works—and the individuals and for the sake of the overall financial model, will the Minister examine that model carefully to ensure that it is robust?

The flexible new deal is a much better model than the old new deal, which was about box-ticking and taking credit for the rise in the jobs market. It would be a pity if one looked back at the improvement in what is being done and considered it a failure because the background had changed at a crucial time.

John Penrose: Does my hon. Friend agree that one of the factors that the Minister should consider in dealing with the risk that my hon. Friend is describing is that any contractor should have a substantial capital cushion? Contractors must have a big enough balance sheet to be able to absorb the risks of the economic cycle and to ride out the ups and downs. It may also be necessary for the Government to consider differential payments in the case of those who are hardest to help and furthest from the job market. Success in getting someone like that into work would result in a much higher payment than getting someone into work who is well skilled, does not have the sort of barriers that others might have and is easier to get into employment.

Mr. Heald: I am grateful to my hon. Friend. The next point that I had intended to make was about the winner's curse, and the point beyond that was about the differential—

John Penrose: I am sorry to have pre-empted my hon. Friend.

Mr. Heald: Not at all. It is good that we are thinking along the same lines.

With reference to the winner's curse, if it is simply a matter of quoting the lowest price, there is the risk that the contractor who gets the job may not be robust enough or have enough capital to provide the service in difficult times. If the figure of 600,000 long-term unemployed is realistic and those people cannot be placed in employment because long-term unemployment is rising and the general background is poor, the financial risk could be significant. My hon. Friend made the point more succinctly.

Some of those with barriers to employment need a great deal of help. They are people with substance abuse problems, people with a history of back trouble, which can be expensive to cure, and people who have mental health problems and a range of other difficulties. It is necessary to make sure that the rewards for getting those people into work are high enough to ensure that that happens.

The evidence from Australia is that the people nearest the labour market were finding work—being pushed across the line—rather than those who were the hardest to help, where the benefit to society would be greatest and the premium should be adequate. There is a case for having a tariff for getting into work the hardest to help, and that tariff should take account of the four or five main conditions that people with barriers to employment have.

Finally, I shall say a word about skills, if I may do so without trespassing on the good will of the House. My first point is about literacy and numeracy, a topic on which I spoke recently during the Committee stage of the Education and Skills Bill. It is true that it is much more difficult to get a job if one cannot read, write and add up properly. It is at least 12 per cent. more difficult for people in that tier to get a job and their earnings are lower. Functional illiteracy is often associated with a household that is deprived, with poor health and with a household where the head of the household is an unskilled worker who is also often unable to read and write. The problem is thus generational, leading to a cycle of deprivation.

Kelvin Hopkins: I am interested in what the hon. Gentleman is saying about children from illiterate households who cannot read. Has he seen the recent television coverage of the use of phonics to get those children reading, and what wonderful results were achieved?

Mr. Heald: That is exactly the point. I have a very good special school in my constituency, Woolgrove, which takes youngsters who one might think would never learn to read, but they do. It is because the school uses methods such as synthetic phonics. If a child with

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such obstacles can be taught to read using synthetic phonics, it is madness not to provide the same service to people who do not have those special barriers. Yes, let us make sure that we use synthetic phonics and teach our young people to read.

Although we welcome the fact that the Minister and his colleagues are trying to rescue those who did not learn to read at school and bring them back, it should never have got to that point. The problem should have been solved when the youngsters were seven or six, not when they are 17, 18, 25 or much older. I applaud the fact that the Government are trying to rescue the situation, but things should never have gone that far.

My second point is about level 2 qualifications. According to all the research, graduates are likely to earn 71 per cent. more than those with no qualifications; the figure is 50 per cent. more for those with two good A-levels or an apprenticeship at level 3. Level 2 qualifications, however, do not give a gain, yet a lot of the Government's effort is going into level 2.

The Minister has a difficult job at a difficult time, but let us try to get things right. The hon. Member for Luton, North (Kelvin Hopkins) made the point that other countries are rigorous about apprenticeships and professional qualifications of that sort and that people there are taught at level 3. If, as Ministers say, an educational ladder of opportunity has to be climbed—and Leitch did say that beyond 2020 there would be very few jobs for people without qualifications—it is not good enough to teach people something; they have to get to a level that is higher than the one there used to be. The Government accept that, but level 2 is not the answer. Level 3 is what we should aim for. A topical debate on an important subject is the sort of debate that we should be having, but it is a pity that more Members have not been here.

1.31 pm

John Howell (Henley) (Con): I want to pick up on the skills aspect, about which my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) has been talking. I want to consider how the skills agenda is playing out on the ground and in practice. I shall do that from the perspective of my constituency, to the extent that it illustrates a number of broader points.

I want to illustrate what is at stake in getting the skills mix right for my constituency. It is home to a centre of world expertise in nuclear fusion technology at Culham. The centre is a place of not only cutting-edge science, but cutting-edge engineering. In January, the centre will hold an exhibition here, and I hope that Members will take the opportunity to see the skills on display. Those skills are not required only for the current project, which has a finite life; they are also required as a major part of skills export from the UK to the fusion projects throughout the world in the coming years, in which engineering expertise at Culham will play a major part for the foreseeable future.

The centre is not an isolated example; it is part of an arc of technology and engineering that stretches from my constituency into that of my hon. Friend the Member for Wantage (Mr. Vaizey), which includes Harwell, the Rutherford Appleton laboratory and the new Diamond Light Source project, from which no self-respecting medical research company will want to be more than spitting distance in future because of the enormous scientific and technological expertise that it offers.

What is at stake in getting the skills mix right is the international competitiveness of that whole arc of science and technology in an area that is genuinely world class and cutting edge. Taking forward the skills agenda on the ground is therefore causing considerable local concern, which is caused principally by the lack of flexibility in delivering the skills agenda on the ground and ensuring that it matches skills training with local requirements. The consistent complaints that I get from organisations across the board, in both the private and public sectors, is that Jobcentre Plus, the Learning and Skills Council and programmes such as Train to Gain are far too driven by top-down national policy and fail to give enough recognition to huge local variations.

Let me give an example of such a variation in the context of Train to Gain. My constituency lies in a county that has very few benefit claimants of working age; the number is half the national average and lower even than that of the rest of the south-east. Claimants for jobseeker allowances account for less than 1 per cent. Some 84 per cent. of employment is at the top end, much of it in the service sector. Some 70 per cent. of adults of working age already have a level 2 qualification, and almost 84 per cent. have a level 1 qualification. That leaves 7 per cent. with no qualification at all, and it is right that skills programmes should address that 7 per cent., who are already a major feature of a considerable amount of co-ordinated local activity from a number of organisations in the public and private sectors.

To pick up on the point made by my hon. Friend the Member for North-East Hertfordshire about children and teaching in schools, I should say that I am seeing innovative work in trying to use children who have been well taught as an influence on parents and grandparents who have had a bad experience of education, so that those parents and grandparents can be brought back to some form of education and skills training.

However, in the round, the distribution of training in my area is clearly skewed to level 1 and 2 qualifications, and not to levels 3, 4 and above, which the area needs if it is to maintain its international competitiveness in scientific and technology establishments, which are intensive in research and development. I receive complaints that the parachuting in of Train to Gain is more about achieving a uniform approach than about recognising the need for that flexibility. Further education colleges have expressed concern that the constraints on training have been too great. Initially, the colleges welcomed the prospect of those constraints being relaxed and of the £350 million announced in the recent ministerial statement. However, as time goes on they are getting more and more suspicious that that is taking their eye off the need for front-line skills, which are suffering in comparison with back-office skills.

John Penrose: Does my hon. Friend agree that the issue is not only about recognising the local skills needs of the employers in a particular area, important though that is? It is also about making sure that people providing training understand the skills shortfalls in the local unemployed population. Those will also vary very significantly, depending on the local community

and its cultural background. The training has to be tailored to match. If we get one side of the calculation right, we have to make sure that the other side balances as well.

John Howell: I thank my hon. Friend for that valid point, which illustrates again the need for flexibility and for things to be tailored. May I also congratulate him on being the first Member to have intervened on a speech that I have made since I have come to this House? [HON. MEMBERS: "Hear, hear!"]

I return to the point about the focus on back-office skills within the refocusing of Train to Gain. I have to say that that is of no interest to businesses in my constituency, which have taken matters into their own hands, with my encouragement. Businesses in Henley have put together a scheme to draw on the expertise of a considerable number of successful entrepreneurs, chief executives and people who have run successful small and medium-sized businesses. As an act of community participation, those people are prepared to put in time, free of charge, to make sure that businesses in the area are up to scratch and maintain their competitiveness and skills.

Kelvin Hopkins *rose—*

John Howell: I think that I am going to be intervened on for a second time.

Kelvin Hopkins: The distinction of second intervener is one of which I am very proud.

The hon. Gentleman has been talking about his constituency, which is a fine place with lots of highly educated and skilled people. However, have not the Government a duty to try to compensate in areas without such advantages and where skills have to be driven much harder if there are to be better opportunities in future?

John Howell: I thank the hon. Gentleman for his point. I agree with him, and he has illustrated my point that one size does not fit all and that things need to be much more tailored to the needs of individual areas. I do not doubt that my constituency and the area around it are full of advantages that are not shared elsewhere, but that is precisely the point that I am making in this speech.

Mr. Heald: My hon. Friend now has a hat trick of interventions.

Does my hon. Friend agree that half the vacancies nationally are hard to fill or due to skills shortage? That is a worse problem in an area such as the east or the south-east than in some of the areas that the hon. Member for Luton, North (Kelvin Hopkins) mentioned. It is not true that skills shortages are worse in the most deprived areas.

John Howell: I thank my hon. Friend for making that point. As I said, it is important to ensure that skills programmes address the 7 per cent. who have no qualifications at all, particularly in an area such as the south-east, which has certain advantages and where there is a lot of top-end loading on the skills side.

The break-up of the Learning and Skills Council and the establishment of local strategic partnerships offers hope that resources can be focused on local priorities. As hon. Members have said, it is crucial that local business plays an important part of any such partnership. Personally, I think that it is useful if those partnerships are led by businesses providing practical input right from the top. However, participating businesses are concerned that they will, in any case, ultimately fall foul of Government micro-management of the whole process.

There are four main concerns. First, the market is too complex and confusing for those seeking training and for employers. Secondly, Train to Gain is poorly understood. Thirdly, there are fears that the demise of the LSC will lead to a multiplicity of quangos and further complications in the market. Fourthly, there are practical concerns about diplomas and the relationships to other legislation. The stories about building trade students not being allowed on to building sites until the age of 16 for health and safety reasons are not apocryphal. Training should not be theoretical in these circumstances; it should be practically based and experienced on site.

A number of hon. Members have mentioned the need for more apprenticeships. There is huge enthusiasm for apprenticeships, and it runs very wide. My own county council, of which I am still a member, has some 50 apprentices in fields from social care to civil engineering. Large companies in the area are enthusiastic about apprenticeships, but so too are local small and medium-sized businesses. When I recently visited Henley college, which provides training in these areas, people were effusive in their praise for the commitment of small and medium-sized enterprises to training and employment, not only in providing apprenticeships but beyond apprenticeships. I urge the Government to consider introducing further flexibility in this context.

Paul Rowen: Does the hon. Gentleman agree that a barrier to that flexibility is fixed start dates built around academic terms? Many employers need flexibility as to when apprenticeships can start.

John Howell: The hon. Gentleman is right. Businesses do not work to a set timetable, and the barriers that inhibit apprenticeships must be driven out of the system.

I urge the Government to think about introducing further flexibility in the skills arena and to reassure us that in doing so they will take into account the importance of competitiveness in how these programmes are run.

1.43 pm

Mr. McNulty: I apologise for not intervening on the hon. Member for Henley (John Howell). I felt for a while that that was obligatory, so I am sorry that I was not quick enough to do so.

I thank the hon. Member for Hertsmere (Mr. Clappison) for welcoming me to my new position. I look forward to working with him and his team, in between being Minister for employment and Minister for London. I know him to be a gentleman and someone who is very studious in whatever brief he has. I also look forward to working with the hon. Member for Rochdale (Paul Rowen).

I would take three key words from this debate: practicability, simplicity and flexibility. Those three aspects underline much of what has been said in all the perfectly

[Mr. McNulty]

fair contributions. It is important to return to my little faux pas about my hon. Friend the Member for Stevenage (Barbara Follett), because my hon. Friend the Member for Luton, North (Kelvin Hopkins) is both right and wrong. Yes, of course, given the public funding and the need for money to go where we can exact the best return, we must concentrate on areas where the lack of skills is at its greatest. However, I do not accept that areas such as Henley, which we have just heard about, can almost be left alone. The regional contribution of each and every area, whatever its starting base, is hugely important for our economy.

Wherever we are going in the current economic downturn, its impact could be desperately disparate and different in various areas, and the relativity of its impact could be very important. For example, on the latest figures, the most significant increases in the claimant count were in the south-east and south-west, albeit from a low base relative to other areas—but that does not mean that we should not be doing all that we can, as flexibly as we can, for the south-east and the south-west. The lowest increase was in London—5 per cent. as opposed to about 30 per cent. in the south-east and south-west—but we know that there is a huge quantum of unemployed in London because of the nature of its labour market. The National Economic Council, the regional economic structures and the Council of Regional Ministers should be pushing back up to the national level the immediate concerns and fine-grained nuances of each and every labour market in terms of jobs lost, vacancies and skills shortages. Those points were well made, and I will try to ensure that that occurs.

As the hon. Member for Henley said, that granularity in getting closer to what is going on in localised labour markets will be one result of moving down from the Learning and Skills Council to local strategic partnerships. What local employment partnerships have done, where they have been successful—nearly 50,000 jobs have been secured through that process—is another aspect of his point about having fine-tuning and sensitivity to what is occurring in local labour markets. That needs to happen at any time, but in a period of downturn, significant or otherwise, it needs to happen all the more. I also take his points about practicality and about having greater flexibility in matters such as Train to Gain.

In response to the hon. Member for Rochdale, I point out that the announcement on the £350 million was made yesterday, principally in the other place, but my hon. Friend the Economic Secretary to the Treasury spent an hour here elaborating on it. If the hon. Gentleman reads *Hansard* and still needs greater detail, I will happily provide it for him. This is partly to do with a sharper focus on getting from level 2 to level 3 as well as other refocusing in terms of Train to Gain. More details on how to achieve that will be elaborated on in the coming weeks.

I do not take so seriously the comments that were rather cavalier with recent history. For the record, since 1997 long-term claimant unemployment has fallen by more than three quarters and is close to its lowest level for 30 years. Let us have the debate about nuances and trends, but not by undermining what has gone before. It is easy to assert that there are more unemployed 16 to 24-year-olds now than in 1997, but youth claimant unemployment has fallen by a quarter and long-term, and six-month-plus youth unemployment has fallen by over three quarters.

I accept that what is very important, as the hon. Member for Hertsmere said, is not necessarily the claimant count, nor even the International Labour Organisation figures, but the number of people who remain in a workless state or entirely economically inactive. We are trying to address those individuals, not least by introducing the employment and support allowance on Monday, enabling us to go through the various incapacity benefits available to individuals to replace them with one allowance, for precisely the reasons the hon. Gentleman suggests, so that no one is left behind. Those in that category who do want to work—I fully accept that there are plenty, some of whom we are not getting to as rigorously as we should—should be helped in that fashion. That will aid with regard to simplicity, as well.

Paul Rowen: The Minister was making a point about flexibility, which I think is important. Six months ago, I encountered a case in which someone wanted to train to be a driving instructor. There was a cost for the relevant course, but Jobcentre Plus said that he was not eligible. I hope that we will look at the criteria that are used, because that course would have got him a job, but he was not eligible. Will the Minister look into such cases?

Mr. McNulty: If the hon. Gentleman wants to write to me about the specifics, I will certainly have a look, but he will know that the Green Paper contains proposals to increase the flexibility of job centre personnel advisers, allowing them to take better account of the specific needs of each and every customer early in the process. I take his broader point about things being done as early as possible.

There are some pilots under way that deal with hon. Members' suggestions about bringing employment and skills together more readily. We are looking at developing further all aspects of the integrated employment and skills service for people including skills screening—I almost said silk screening; that is obviously a subset of skills screening—for new claimants, skills health checks and skills accounts, and hopefully we will be able to implement those further to bring the needs of individuals and employers and that backdrop of analysis of a local area together far more readily. Whatever the shortages, even in areas as relatively affluent as Henley, the industries described by the hon. Member for Henley are important, and we need them to be performing as expertly as possible, and with as much capacity as possible, for the wider economy.

Kelvin Hopkins: One of the points made by the hon. Member for Henley (John Howell) concerned larger employers sustaining apprenticeships. I want to reinforce the point I made about small employers and the difficulty they have in sustaining apprenticeships. Will the Minister take back to his colleagues my suggestion that we ought to look again at a training levy system to help to subsidise smaller employers to retain and sustain apprenticeships for the future?

Mr. McNulty: I shall certainly take that back, but I am sure that my hon. Friend knows the answer as well as I do. The broader point about sustainability has been

well made, and it was a theme of our debate. Getting people back into work in a sustainable fashion is better than having a sort of merry-go-round, and being able to sustain apprentices in the small business sector is central to the experience and reward that individuals can get out of the process.

That is why much of the £350 million refocus will be on the small and medium sector, as everyone knows. We are trying to concentrate on small businesses—a sector that may suffer more from the lack of skills and lack of speed in reskilling the local labour market. By doing that alongside the other fiscal things we are doing, we will try to sustain those small businesses. Much of the Government's focus over coming weeks and months will be all that I have described regarding the route from unemployment back into employment, but it will also be about wider fiscal interventions to ensure that jobs do not go in the first place, which is very much part of the equation.

I take seriously the point of the hon. Member for Hertsmere about worklessness and lack of economic activity. We take seriously the focus on small businesses, and the point about being as local as possible, using intelligence and understanding the nuances in regional and sub-regional labour markets. That all relates to the point I made in my opening remarks about geographical and sectoral concentration of jobs and skills. As with the wider fiscal picture, in this area of all areas, within the context of the progress made thus far in periods of relative prosperity, as the hon. Member for North-East Hertfordshire (Mr. Heald) said, we had better make sure that there is a flexibility to the new deal and everything else that the Jobcentre Plus network offers in periods of less than clement weather, if I can use that phrase. That will be the test. I sincerely think, based on what I have known as a constituency MP and as a Minister, that the Jobcentre Plus network is up to that test, as is the wider system, if the points about simplicity, local focus, flexibility and practicality are allowed to permeate the system during a period of economic downturn.

Mr. Heald: Does the Minister accept that the changed circumstances we are seeing are a bit of a shock to the system? It was not expected that we would necessarily be going into recession at this time. A lot of the plans for job centres are based on the idea that things were going to be ticking along as normal and that it would be possible to cut out waste and so on, and to have a little less capacity. Does he accept that we might need more capacity, not less?

Mr. McNulty: I simply do not accept that characterisation. I repeat that job centres have the flexibility and contingency to meet whatever is coming in the weeks and months to come.

I commend everyone for their contributions and thank the House for the debate.

Question put and agreed to.

Resolved,

That the House has considered the matter of work and skills.

Public Accounts

1.56 pm

Mr. Edward Leigh (Gainsborough) (Con): I beg to move,

That this House takes note of the 5th, the 8th, the 14th to the 29th, the 31st to the 35th, the 37th, the 38th, the 42nd and the 50th Reports and the 1st and 2nd Special Reports of the Committee of Public Accounts of Session 2007-08, and of the Treasury Minutes on these Reports (Cm 7366 and 7453).

It is a pleasure to open the second debate in a little over five months on the work of the Public Accounts Committee. Since our last debate, the Government have managed to achieve the impossible through the incredible, with their lifeline to the banks. The impossible achievement has been to dwarf the scale of public money encompassed by the reports in today's motion. In this debate last year, I was able to recite in a single sentence a list of public spending projects amounting to more than £60 billion. In the last month, some £500 billion has been pledged in an attempt to crack the ice covering our frozen financial system. Incredibly, the word "nationalisation" has re-entered the Government lexicon as the taxpayer now seems likely to own substantial swathes of our once mighty mortgage providers.

I am sure that Members will agree that there can have been no clearer signal that something was really up than the news that a crack team from Her Majesty's Treasury was descending on Reykjavik. For the sake of those of our constituents whose savings are locked in Icelandic banks, including £7 million from West Lindsey district council, I can only hope it was not the same Treasury team who took four months to produce the Government's response to our tax credits report.

Of course, the sobering events of recent weeks are not the subject of today's motion. However, the House may be interested to know that I have spoken with the Comptroller and Auditor General about the audit of the £37 billion that the Government are injecting into the banks, which is supported by the recapitalisation scheme. He is proposing to examine whether the Treasury has been able to secure compliance with the specific commitments that the banks are making to maintain lending to homeowners and small businesses; to help people stay in their homes; and to meet the criteria that the Treasury has laid down for senior executive remuneration. He will consider those matters. Alongside those issues, he will want to consider whether the wider strategic interest in strengthening the business performance of the banks has been met, thus also protecting the value of the taxpayer's investment. The Comptroller and Auditor General is expecting to report once we have seen sufficient evidence of the Treasury's progress towards those important objectives. No doubt, our Committee will wish to keep the implications for taxpayers under careful review following any National Audit Office report.

Personally, I perceive genuine risks in any prolonged Government holding in the banking sector, however necessary those holdings may have become in the current financial crisis. The temptation, as with the former nationalised industries, will be to impose extraneous requirements of pay, employment, backing winners and artificial lending priorities, which will hinder rather than help the banks' return to financial health. In the main news on Sunday night, there was already talk

about the fact that we—the public—own the banks and that they must therefore take a more public-spirited view when people fall behind with their mortgage payments. That is fair enough, but let us remember that the investments are taxpayer funded, and that the taxpayer is entitled to expect enhanced value, realised through an early return to the private sector. I am sure that that is the Treasury's view, too.

The glacial storm that is creeping over the economy should give all Members who consider the Committee's reports cause for cold, hard reflection. As economic prospects hardened a year ago, the comprehensive spending review stemmed the flood of gold that had previously rushed in—and out—of spending Departments. Now, with the flow of taxpayers' funds diverted to the City, and the onset of an economic winter of uncertain harshness and duration, the constraints on Departments are likely to be tighter still.

In our previous debate on the matter, I noted that the narrowed ideological gap between the major political parties placed the efficient delivery of public services—and hence our Committee's work—at the heart of the political debate. That is even more true today, for a moral imperative now embraces that political importance. Taxpayers facing difficult times have no more to give. Citizens in need will rely on public services to help them through in difficult times. A Government who rely on borrowing can afford no costly public expenditure failures. The duty of all public servants is therefore clear, vital and personal. It is to stretch every pound and squander none. That is where our Committee comes into the debate.

The Committee's reports offer prescriptions from which, I believe, public servants can learn, and I want to emphasise today three themes that have a wider resonance. Sound financial management is paramount, reducing internal costs is essential and—perhaps most important and pertinent—understanding risk is critical if projects are to end on the right side of the dividing line between successful delivery and disaster.

Departments need to display strong financial management if they are to withstand the slings and arrows of changing economic conditions and deliver cost-effective public services. They need the requisite finance skills, commercial acumen, the right information and leaders who emphasise that money matters. I welcome the increasing priority that is given to professional finance skills. We are delighted to say—because it reflects a long-running campaign by the Committee—that all but two major Departments now have a professionally qualified finance director. Those appointments have brought new focus to financial management in Departments.

However, individuals cannot do it alone. Many permanent secretaries are the accounting officers who appear before our Committee, yet they have not a single financial qualification between them. They are not automatically held to account in the civil service for their management of resources. It cannot, therefore, be a surprise that so much remains to be done to embed in Departments a culture that money matters. A worrying lack of financial skills and awareness remains among non-finance staff. Budgetary control is hampered by inaccurate forecasting, and the quality of financial information needs significant improvement. If Departments cannot understand the cost of a service, the public can have little confidence that the service offers value for money.

To support better financial management, the National Audit Office has embarked on a series of reports that examine each Department's financial management. For example, in the past two years, the Department for Environment, Food and Rural Affairs has budgeted to spend more than its Treasury funding limits. As the risk of overspending became clear, it had to make cuts, but there are also things to welcome. DEFRA has established more rigorous financial systems and this year's accounts were delivered much earlier.

Our system of public financial management relies on transparency and clear oversight. Unfortunately, the Ministry of Defence tried to persuade us that the forecast costs of major defence equipment projects were under control by moving £1 billion to other defence budgets. Anyone with a passing familiarity with recent events understands that masking true cost is wrong and dangerous. I hope that the approach was unconnected to the fact that, despite initiative after initiative, lasting improvements in the delivery of vital equipment to our servicemen and women have yet to be achieved. Such creative reporting is the enemy of sound financial management and I do not believe that the Committee would want it repeated.

The Committee was also critical of aspects of the Ministry of Defence privatisation of QinetiQ. We recognise that the privatisation successfully protected the viability of that strategically important business and that the Ministry of Defence ran the 2006 flotation well. However, the NAO estimated that an extra £90 million could have been raised from the initial 2003 privatisation. Despite the Department's protestations, it is clear that the sale went ahead at the worst possible time and that the Ministry of Defence weakened competition by eliminating bidders too early.

We were strong, too, in our condemnation of the conflicts of interest affecting QinetiQ's senior management, which the Ministry of Defence failed to manage during the sale process. Public servants should not be negotiating their own incentive schemes with a preferred bidder. The result of the privatisation was a clear disparity in rewards, which the Committee found scarcely credible: while the taxpayer received £9 for every pound invested, QinetiQ's senior management received an extraordinary £200.

Let us examine reducing internal costs. We all consider precious every additional pound that can be devoted to the front line and that does not have to come from increased taxes or raised borrowing. A year ago, the Government accompanied ambitious new efficiency targets with plans to sell £30 billion of surplus assets by 2010-11. The Committee had to express scepticism over claimed efficiency gains in the past, so I welcome the news that the NAO will audit those savings on a Department-by-Department basis. However, setting savings targets is easier than delivering results. Accounting officers should cut waste, reduce complexity and seek economies in some obvious areas.

Property should be an immediate target. That is elementary stuff. The Government are almost 40 per cent. worse than the private sector benchmark for using office space, with a potential saving of more than £320 million a year. I am pleased that the Office of Government Commerce has the ambition to seek savings

of £1 billion a year, but it will need to do better than its performance against the two key milestones already missed. I trust that the Exchequer Secretary will look to her own house—or her own office block—given the Treasury's parlous position at the bottom of the league for efficient use of space.

Another unrealised area for savings is using shared services. The Committee had strong doubts about the information on which the Cabinet Office's target of £1.4 billion savings is based. Indeed, those Members present at the hearing will recall that the Cabinet Office had lost the calculations and the underlying data involved in its estimate.

Reducing complexity in processes is another requirement for an efficient public sector. Nowhere is the financial impact of complexity felt more strongly than in the Department for Work and Pensions; nowhere, that is, except for Her Majesty's Revenue and Customs.

Benefit fraud and error continue to be a major drain on taxpayers, with £2.7 billion lost last year. I recognise the progress in reducing reported benefit fraud, but for customer and official error to have nearly doubled in the past five years to almost £2 billion suggests that our benefits system is not merely complex, but risks becoming unmanageable. We have said time and again that, if we are to get a grip on fraud and error, we must reduce complexity in the benefits system.

Meanwhile, our latest look at tax credits showed the highest rates of error and fraud in central Government. The annual amount may have reduced somewhat, but £4.3 billion remained to be recovered from claimants. In our hearing, we expressed doubt about how much—if any—will be recovered. Nearly £2 billion at least is in doubt. That level of error led the Comptroller and Auditor General to qualify his opinion on the HMRC trust statement for the sixth year running. Despite some improvements to the scheme, it is still not efficiently run. Everyone—claimant and taxpayer—has been let down. Let us hope that the pressure on families to pay back money that they have already spent does not make the coming economic winter coldest for those who can least afford it.

I come now to risk management. Sound financial management and reducing unnecessary administration are bedrocks to build on, as we have said again and again. It is the failure to manage risk that causes many project costs to soar and delivery to fail. The public sector must never be afraid to innovate or to take well managed risks. We never stand in the way of Departments doing that. Constant innovation is as essential to public sector success as it is to private sector success, but the consequences of inappropriate innovation and misunderstood risk have never been so powerfully obvious.

If there has, as yet, been no public sector equivalent of the weapons of mass financial destruction that have unleashed such devastation elsewhere, there remain too many examples for comfort of inadequate risk management in public sector projects. Government borrowing is at its highest for 60 years, so a sober look is surely needed at the risks of each new private finance initiative deal racking up debts for schools and hospitals. Those vital public services must remain both financially stable and operationally flexible. Knowledge and good health are too precious to put at risk.

Only this Tuesday, the London news programmes reported on how NHS trusts in London are now facing severe difficulties with their PFI projects for new hospitals. In conference after conference and in parliamentary questions I have queried the level of debt that the PFI is building up for our children and grandchildren. I have been constantly reassured by the Treasury and, indeed, by the National Audit Office that everything is fine. Listening to those London news reports about the increasing difficulty of London NHS trusts, however, I began to wonder whether my warnings had in fact been pertinent. Many others are worried about the level of debt building up through PFI projects.

We saw inadequacies in risk management in the Foreign Office's approach to our liability for the 14 overseas territories; in our update report on the single payment scheme, which is still causing problems for farmers; and in the BBC. Perhaps it would help the corporation if the NAO were given full access to the books. We say that as often as the BBC repeats its programmes, so perhaps there is no point in going on saying it.

Failures to anticipate and manage risk were encapsulated in our report on the Bicester asylum accommodation project. Almost £30 million was spent without delivering any benefit to the taxpayer or in any way furthering asylum policy. It was a controversial project, yet the Home Office did not recognise the serious risk of planning delay. Nor did it give explicit recognition to its own changes to the asylum system—a classic case of the right and left hands expressing surprise at meeting each other in the same place.

Let us hope that those in charge of a considerably larger project—the 2012 Olympics, which has been in the news again this week—proceed with a greater appreciation of the risks and a higher level of competence. I am sure that all Members present would like to congratulate our sportsmen and women in Beijing on their excellent performance. They finished fourth in the Olympic medal table and second in the Paralympic table four years ago. I was particularly pleased that our sailors who practise my own sport proved more successful than me in my recent damp experience in the Solent, where I managed to overturn my dinghy in a dead calm—perhaps an allegory for some of our political careers.

Applying lessons to the Olympics from the management of risk in other public sector projects does not give one a wholehearted sense of comfort. There should be realistic assumptions about likely costs and realisable benefits. The estimate of the 2012 budget at the time of the bid—at just over £4 billion, although originally it was £2 billion—was clearly unrealistic in ignoring major factors such as contingency provision, tax obligations, policing and wider requirements.

The budget has now mushroomed to £9.3 billion, while over-optimistic estimates of private sector funding have been scaled down from £738 million to £165 million today. Watch this space, as I am sure there might well be further reductions. With a revised budget, one could say that that is water under the bridge. My Committee welcomes the fact that the programme is broadly on track, but arrangements to manage the whole programme are not yet in place. We must guard against pressure to change venues and infrastructure and we must be quite clear about the costs and consequences of any such changes.

Another lesson is that unquantifiable benefits should be made clear, yet the Government's target for 2 million more people to participate in a sport or physical activity by 2012 is based on no conclusive proof that winning Olympic or Paralympic medals influences levels of participation in the community. We must not get too dazzled by the gold medals in Beijing. The PAC is not a tabloid; it is not bedazzled by gold medals, but works in the interest of the taxpayer. Instead, we need to see a plan for using sporting success at the games to improve levels of participation.

It is also important to have contingencies if matters take an unexpected course. To support medal goals, the Department for Culture, Media and Sport hopes to raise about £100 million from the private sector. Perhaps the Minister can confirm today that there is still a realistic chance of raising that money, as we warned back in 2006 of the risks of leaving it too late.

There must be a contingency plan for protecting the funds of the sports most likely to win medals in 2012, and the total final cost depends on proceeds arising from the disposal of assets such as the Olympic village after the games. In today's climate, that looks increasingly uncertain. Given these uncertainties, potential demands on the £1 billion of contingency funds that have not yet been earmarked will need very careful monitoring.

Of course, no risk to any project can be effectively managed without accurate evidence. Departments are responsible for ensuring that Members of Parliament are not misled, even inadvertently, by the evidence they provide. We were therefore very concerned that the Department for Transport gave the Committee unreliable information on the rate of evasion of vehicle excise duty. We produced our report, drawing on its figure that the rate of evasion of duty by motorcyclists was 38 per cent. Yet shortly afterwards, new statistics for evasion, based on a new methodology, put the figure at 9.8 per cent. We expect Departments to be accurate; if they are not sure whether their figures are reliable, they should say so and, if necessary, apologise for any mistakes, as I did.

In conclusion, the Public Accounts Committee operates from the sound base provided by Tim Burr and the staff of the National Audit Office, who have our grateful thanks, as without them we could do nothing. I am also grateful to the Government for welcoming the Public Accounts Commission's proposals to enhance the NAO's governance. The commission has spent a lot of time on that and I think that it has it right. I look forward to the inclusion of the necessary legislative changes in the Constitutional Renewal Bill in the near future. In the meantime, I am pleased to say that the wheels are in motion to find a permanent successor to Mr. Burr.

As ever, we are ably assisted by Mark Etherton and the staff of the Committee office. I also pay tribute, of course, to my fellow Committee members, who continue to work hard to hold the Government to account, irrespective of party or politics. Week in and week out, the Committee gives meaning to the spirit expressed by Benjamin Disraeli that

"all power is a trust; and we are accountable for its exercise."

It is a spirit that some appearing before us find disconcerting, but it has never been of greater value than in the current cold climate.

Citizens' interest in the earnings that they pass over to the Government does not end at the point of taxation. Those spending public money are exercising a trust on behalf of the public, and parliamentary accountability is the embodiment of that trust. The Committee provides a guarantee to the public that their interest is not left unrepresented. We do so in times of both prosperity and adversity. Our duty is unaffected by economic fortunes, and public servants' duties to Parliament remain unaltered. Trying times may call for tough messages. The House and the public can, I believe, be assured that our Committee will not shrink from that task. I commend the motion to the House.

2.19 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): It is a great privilege and pleasure to follow the hon. Member for Gainsborough (Mr. Leigh). As Chairman of the Public Accounts Committee, he does an excellent job, and he has just given the House a powerful and in-depth appreciation of our work. We have spent many hours covering the issues that he has managed to cover in about 20-odd minutes. For that, we are in his debt.

I begin by paying tribute to the staff who assist members of the Public Accounts Committee. It is because of their hard work and professionalism in support of its members that the PAC is held in such high regard—and, of course, without the hard work and initiative of the Comptroller and Auditor General and the support of the National Audit Office, it would not be half as effective as it is. Without the National Audit Office, Parliament and our democracy would be the less. Governments would not be held to account, and public spending would lack the in-depth scrutiny that we are able to give it. Britain's National Audit Office is, I believe, the envy of parliamentarians around the world.

The PAC is not simply an important cog in the wheel of Parliament; I consider it to be the very heart of the mechanism by which the people, through their elected representatives, hold the Government to account for public expenditure. The broad range of subjects that we investigate and the wide-ranging nature of our inquiries ensure that all Government Departments are open to examination. Echoing the words of our Chairman, the hon. Member for Gainsborough, I wish that the BBC—although it is not a Government Department—were part of that scrutiny. It is quite wrong, in my view, that a body that spends billions of pounds of public money is not open to the same scrutiny as any Government Department. It is the first to broadcast the news if anything goes wrong with any Department, while closing its own doors to detailed public scrutiny.

There can be little doubt that there is no hiding place when witnesses come before the Committee. We tend to give them a hard time. My hon. Friend the Member for Great Grimsby (Mr. Mitchell), who is present, has described the Committee's work as a blood sport, and perhaps some of those who come before us have the same impression when they walk out of the door after a session of one and a half or two hours.

Let me take this opportunity to talk about some of the lessons that I have learned during my time as a member of the Committee. I suppose it is ironic, in one sense, that I should use the phrase "lessons learned" when it has become abundantly clear to me that many

Departments are incapable of learning lessons as a result of projects that go wrong. The two overriding impressions with which I am left after each session of the PAC are that when a project goes wrong no one takes responsibility, and that—perhaps more important—it rarely seems to occur to Departments to conduct a "lessons learned" exercise when a project goes wrong, or indeed right.

At the time of the recent review of the accounts of Her Majesty's Revenue and Customs, the Comptroller and Auditor General issued a qualified opinion on the regularity of tax credits because of the high levels of error and fraud. I believe that the hon. Member for Gainsborough said that this was the sixth successive year in which a qualified opinion had been issued, and there is still very little evidence that the problems with the system are coming under control. Six years on, the situation remains the same: £1 billion was overpaid in 2006-07, and £4.3 billion remains to be recovered from claimants, some of it because of error and some because of fraud.

Time and again, the complexity of applying for tax credits and the lack of clarity in the information that is provided when someone submits a claim have been cited as major causes of the difficulties with the system. Indeed, the Committee's fifth report on tax credits states that many claimants struggle to understand them, and cannot understand why they have been overpaid either. There have been many complaints about the process for recovering overpayments, and the ombudsman continues to receive, and uphold, a large number of them; but only now is HMRC giving people support to help them to make their claims and avoid such problems. It is a little too late for families who may wish that they had never become involved in the tax credit system in the first place—which is a great pity, because it has made a huge difference and benefited a great many families in our country.

Given those problems with HMRC and tax credits, we have to ask, "Where are the lessons learned?" I am convinced that the failure to learn lessons led to the outrageous situation in 2005 involving the European Union single payment scheme for farmers. The cost of implementing the scheme was budgeted at £76 million, but in March 2006 it had reached £122 million. The Department for Environment, Food and Rural Affairs and the Rural Payments Agency had expected to reduce the agency's staff by 1,800 and to make efficiency savings of £164 million by 2008-09, but difficulties in processing claims led to the recruitment of additional staff, and the scheme's implementation has now cost £46 million more than the budget.

When I sit in the House or in Committee, I sometimes reflect on my time as a Defence Minister, when I struggled to find money to improve the accommodation of our servicemen and women and their families—which was often in the news—and on what I could have done with a fraction of that £46 million.

In my constituency, Friends of Newbridge Memo are seeking to restore a wonderful building which was built after the first world war. Miners and their families paid a penny a week to provide that facility for the community, with a library, a ballroom and meeting rooms. The Celynen Collieries band practises there, and indeed was founded there. The building was erected in memory of the boys from Newbridge who went to the great war and did not come back. It was runner-up in the BBC's "Restoration Village" competition. Friends of Newbridge Memo need £4.9 million to begin putting the building back into shape. Their application to the Heritage Lottery Fund was turned down, and I am sure that they would have welcomed just a small portion of the £46 million by which the Rural Payments Agency has gone over budget.

My area also desperately needs a rail link from the Ebbw valley to Newport. The line currently goes to Cardiff. It will be completed eventually, but it could be completed next year with a fraction of the money that is being wasted on projects like that. Cancercareline in my constituency provides wonderful support, mainly for women suffering from cancer. Home-Start helps families who are struggling with the difficulties of bringing up young children. The money that is being wasted here could provide them with funding for decades, so that they could do more wonderful work in the community. That makes me very angry and frustrated.

It gets worse. According to the latest report, the agency has estimated that there were overpayments for the single payment scheme amounting to more than £20 million in 2005 and £17 million in 2006, and it has still not resolved the problem of how to get the money back.

The most extraordinary aspect of all this is that no one takes responsibility for what happens. The culture has to change. The hon. Member for Gainsborough referred to the present economic situation. Nowadays, even bankers cannot be certain that their gold-plated jobs, massive salaries and generous bonuses will continue if things go wrong. Why, then, should those who are responsible for the failure to deliver public services that are vital to our constituents be immune from the consequences of failure?

Mr. Richard Bacon (South Norfolk) (Con): I agree with the right hon. Gentleman about the BBC's "Restoration Village" programme. Pulham St Mary, the village in Norfolk where I live, made it to the last 12. I am pleased to say that it has just received a lottery grant.

As for the Rural Payments Agency, one person did take responsibility. When Johnston McNeill finally appeared before the Committee, he gave a surprisingly good account of what he had done. However, we gained the clear impression that, as chief executive, he had not only taken the rap but been hung out to dry, and that others in DEFRA and the agency, far from taking responsibility for what had happened, got away scot-free and prospered elsewhere.

Mr. Touhig: I am grateful to the hon. Gentleman for reminding me about that session. That gentleman did come before us. He was very frank, and he did take responsibility. I agree that he was hung out to dry, and I think that the heads of many others should have been on the chopping block for the awful waste in the agency.

The reason for many of the problems and failures in managing complex projects comes down to the fact that many civil servants are ill-prepared to run the commercial-type projects their Departments are now engaged in. Central Government now manage more financial resources than ever before, and according to a National Audit Office report published in February that sum will grow

[Mr. Touhig]

to £678 billion a year by 2010-11. That report also stated that six Departments, accounting for more than £45 billion of Government expenditure, still did not have a professionally qualified finance director on their main board. The Chairman, the hon. Member for Gainsborough, has updated us, and that is now down to two Departments, so some progress has been made. However, it is almost unbelievable that such massive organisations should not have a finance director on their board.

The report highlighted the difficulties and dangers of not having properly qualified staff. Almost 70 per cent. of Departments cited the level of skills of non-finance staff as one of the three most significant barriers to improving financial resource management across Government. One has to wonder whether this may be the reason why there have been so many commercial blunders. The Home Office spent £29.1 million planning and designing the purpose-built accommodation centre for asylum seekers at Bicester, only for it to be cancelled. The enormous problems delivering the national programme for IT in the NHS, which will cost £12.7 billion, arose because officials did not actually understand the limitations of the technology. This is basic stuff for those involved in such massive undertakings.

For all these mistakes and such waste of public money, there seems to me to be no real incentive to get things right first time. No one is ultimately responsible for any decision. Ministers may come and go and civil servants may move on, and the ownership of a project can change hands several times. Therefore, the NAO and the Public Accounts Committee will frequently only provide objective scrutiny of a project years after it started, when it is too late to influence the final outcomes.

I referred at the beginning of my speech to the lessons that I have learned while serving on the Committee. Perhaps the biggest challenge is that Departments must be far better at monitoring how projects are managed. They need regular reports on how major projects are being managed, and internal audits so that we can see what is going wrong and what is going right, and learn lessons from that. Senior staff have to take ownership of major projects and should bear the consequences if they go wrong. In that way, we will begin to reduce this awful waste of taxpayers' money. The hon. Member for Gainsborough said that we must stretch every pound and squander none. I entirely agree. If that happens, perhaps future PAC hearings will be less of a blood sport.

2.31 pm

Dr. John Pugh (Southport) (LD): In listening carefully to our revered Chairman of the Public Accounts Committee, the hon. Member for Gainsborough (Mr. Leigh)—and I always listen to our revered Chairman carefully—I noted that he made at least two important points. First, he laid out the systematic failures of public expenditure programmes. Secondly, he highlighted the huge new task that confronts us—because, after all, we are now in a situation in which public expenditure is ballooning and Government expenditure is encompassing bailing out the whole financial system almost across the globe, and there is also a continued roll-out of private finance initiative projects, which will increasingly be the way in which Government spend money. Tax revenues are, therefore, ever more precious, and effective targeting of public expenditure has never been more important, and waste has never been more unforgivable.

The Chairman has put forward sensible, important and strategic proposals for Government consideration, and he has done so in a wholly constructive spirit. I think we are a wholly constructive Committee. To be fair, at times the PAC has an attack-dog reputation, as was alluded to in the previous speech; it has a reputation for gratuitously roughing up senior civil servants, and especially those on large bonuses. However, the arrival of the hon. Members for Sedgefield (Phil Wilson) and Edinburgh, South (Nigel Griffiths) and the right hon. Member for Streatham (Keith Hill) has changed that just a tad. We have possibly been a little slower to condemn key Government spending programmes—or, possibly, they have—or the way Governments deploy resources when they embark on spending programmes. However, this is not a battle between critics and defenders of programmes, or between optimists and pessimists, or at least that is not how I see it. Instead, the Committee is essentially evidence-led; we are interacting all the time with a massive resource, the National Audit Office, to which we are deeply indebted.

I am not going to embark on a Cook's tour of all our reports in the past Session, but I would like to alight on some that have brought back many memories for me, and to highlight those that contain important messages. First, we had a raft of reports on taxation—the evasion of vehicle excise duty and on tax credits and tax form reports. Significantly, they underline how much could be gained through an efficient tax system and how much could be lost through a grossly inefficient system, and therefore what great gain is to be had simply in getting it right.

One interesting report, although not directly about taxation, was on managing risk in overseas territories. It turned over a stone that covered the vast and murky world of tax avoidance and tax evasion, which is a whole industry in places such as Bermuda, where I think there are about 80 per cent. of all hedge funds. We found that huge amounts of money were being moved around the world by companies that had connections with this country. Surely it is unacceptable that those corporate pirates—the hedge funds—can hide out there, free like the old-time pirates, to create havoc on the financial markets and to account to no one. Surely that must be tackled.

Another set of reports were about Government efficiency, and we examined Government property. We have recently heard, and moaned, about the culling of tax offices, which has certainly been an issue in my constituency and something about which I have strong views. When surveying it, I felt that we were unable to judge the real gains, and we are unable to do so now as the programme unfolds. I am not sure whether anybody is in a position to judge the real gains in property, because so much has already been leased under commercially confidential private finance initiative arrangements. We simply do not know what those are worth or the result of surrendering the leases.

We examined the NHS. We will all recall the issue that arose a year or so ago concerning the NHS being overdrawn or in the red. We examined its return to balance and agreed that it was a wholly good thing, and

we awarded congratulations where they were due. I must say that I personally baulked at the spectacle of the north-west subsidising London, as it appeared to do according to the accounts that I looked at, and at times I found it hard to distinguish true efficiency gains from creative accountancy or simply the same money being accounted for in different ways.

Most poignantly, we examined the plight of neonatal babies and the variations in their fortunes across the nation. We all had to accept that that was not directly a function of NHS spending but due to wider intractable problems, public health issues and so on. It is an incredibly difficult problem to tackle but modest progress is being made, and we were all grateful to see that.

Something that stuck in my mind, and about which I was reminded by the question that the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) asked at Prime Minister's questions yesterday, was our report on people leaving the services. We concentrated particularly on the less qualified individual—not the lieutenant but the private, the squaddie leaving the services. It seems to me there is a problem that demands immediate attention but that genuinely can be rectified.

We established that too many young men who join the infantry, often as a path to personal salvation and often with problems and a relatively deficient educational background, pass through the Army and eventually end up on the streets, sometimes unhoused, usually untrained for civilian life and certainly woefully unprepared. That was vividly illustrated in the hon. Gentleman's question yesterday, when he pointed out that 10 per cent. of the prison population have been through the services. There must surely be something that the Army, the services or somebody can do about that. We cannot let that situation continue. We have to do more for those people when they join, when they serve and when they leave.

I close my remarks by suggesting where the PAC and the NAO may wish to go next, following the progress that we have made over the past term. Following our inquiry into pathfinders and housing regeneration, there is a genuine need to look into the targeting and efficiency of the whole regeneration budget and the various budgets that constitute regeneration. We have to challenge the assumption that the process is always meritorious and that all the money is well spent. My belief is that much is, in fact, being wasted.

Following the QinetiQ inquiry, we need to look into the whole issue of remuneration in the higher reaches of the civil service, the bonus culture that has grown almost without our noticing, and the transfer of top people to and from Whitehall and the conflicts that that might involve. Such an inquiry would be deeply unpopular in many circles, but I believe that it has to be done and is long overdue. Also, probably, in the overdue category is the need to remove the bad odour hanging over defence contracting and commissioning with overseas states, including, dare I say it, Saudi Arabia. We perhaps need to take a close look at recent contracts, rather than raking over the past.

Finally, I turn to a point that we have not dealt with at all in the two previous Sessions. We need to examine public value in our railways: the stewardship of Network Rail, which is a bone of contention in this House; the quasi-monopolies of the rolling stock leasing companies, or ROSCOs; and the Department for Tranport's role in the whole kaleidoscope of interactions that make up the railway system. As thousands of people make their way home tonight, no inquiry could have more resonance with the general public than one into overcrowded trains that cost premium prices.

2.40 pm

Mr. Richard Bacon (South Norfolk) (Con): It is a great pleasure to follow the hon. Member for Southport (Dr. Pugh), who is a forensic member of the Public Accounts Committee; his contributions are always appreciated by its members, of whichever party.

I endorse the Chairman of the Committee's comments about public expenditure, and the recent bank recapitalisation, in particular. It is entirely appropriate for the Comptroller and Auditor General to examine the huge sum involved on behalf of taxpayers, and I very much hope that the Treasury agrees with that and will assist the National Audit Office in every way.

Secondly, I wish to comment on the issue of financial management, which has been to the fore in many of the Committee's reports. When I first starting asking what proportion of principal finance officers—finance directors, as they are now called—in Departments have an accountancy qualification, the answer was 23 per cent. The Treasury recently told us that the answer is now 91 per cent, and although that figure excludes the big exception of the Ministry of Defence's finance director, who is in charge of £32 billion of expenditure, enormous progress has been made. I congratulate the Treasury and other Departments on starting to realise that the topic is important and that they have to do something about it. The progress should not go unremarked; the Treasury has understood the importance of the matter.

That makes it all the more important for the Treasury to give a sensible account of tax credits, the subject of the Committee's eighth report. It stated that

"there is little evidence the Department has the scheme"—

the tax credits scheme—

"under control. Many claimants continue to struggle to understand tax credits and why they are overpaid. There have been many complaints about the process for recovering overpayments and the Ombudsman continues to receive and to uphold a large number of complaints...This level of error led the C&AG to qualify his opinion on the HMRC Trust Statement for the fifth year running. The Department still has no targets for reducing error and fraud."

If we think that financial management is important, and if the Treasury thinks it is important enough to ensure that qualified finance directors are in place across Whitehall, surely it is important enough to ensure that the department that comes directly under the Treasury's own control—Her Majesty's Revenue and Customs, which has the task of collecting the money that we then spend on various public expenditure programmes—is itself under sufficiently tight financial management that it can account for how it spends its money. At the moment, it is unable to do so—it has not been able to do so for several years. I hope that we will be told when the Treasury expects the Comptroller and Auditor General to be able to sign off HMRC's accounts as clean, because it is only right that what is good for other Departments should be good for the Treasury and its subsidiary departments.

I wish to make another quick point about tax credits. A settlement was reached between EDS and HMRC concerning the tax credits fiasco. The Treasury originally

[Mr. Richard Bacon]

claimed that EDS should pay it £209 million, but that was later cut to an agreed settlement figure of £71 million. Only about £44 million of that was paid in cash or near cash; the remainder, £26.5 million, was to come from future revenues on contracts that EDS had not yet won with government. In other words, it is to come from future business. Apart from the fact that that gave Government Departments a rather strong incentive to award EDS further business despite, rather than because of, its track record, it has been clear that over the past two and half to three years since the agreement was reached hardly any money has been paid. Most of the £26.5 million is still unpaid; a few hundreds of thousands have been paid and there was one payment of £20,000. The chairman of HMRC for the time being knows that every time he comes before the Committee—unfortunately, I was abroad when he came before us last time, in early October—I shall ask him how much money he has had. He always comes prepared with the answer. Indeed, his distinguished predecessor Paul Gray, who honourably resigned over the issue of the missing discs, said that he would have been most disappointed had the question not been asked. I will continue to ask the question.

Dr. Pugh: I am sorry that the hon. Gentleman missed the last occasion, but the question was asked in one form or another and litigation was threatened by the chief executive of HMRC. I do not think that we believed him, but the hon. Gentleman might be interested in that observation.

Mr. Bacon: I am grateful to the hon. Gentleman, who brings me to the point that I was about to make, which is that the various representatives of HMRC have made it very clear that they have been documenting millions of pages of material relating to the case so that they can, if necessary, litigate. But they really ought not to have to. It is in the nature of large-scale computer contracts that they hardly ever go to litigation because, at the end of the day, the only people who win are the lawyers. It is much better to avoid litigation. However, EDS should recognise its responsibilities in this area.

If one goes to the Vote Office and asks for the PAC bundle, one is given all this material I have beside me. My hon. Friend the Member for Tiverton and Honiton (Angela Browning) said that she was rather intimidated by it; after all, it was Fidel Castro who said that any speech of less than four hours cannot be doing any good. I was tempted to be a little more expansive, but the Chairman reminded me that it is impolite to speak for longer than the Chairman himself. He only spoke for 20 minutes, so I will have to restrain myself.

I wanted to comment briefly on QinetiQ, which seems to have displayed some unwelcome tendencies among civil servants. Lord Gilbert, the former Labour Defence Minister, said on the "Today" programme about Sir John Chisholm, the boss of QinetiQ:

"Never once in my presence did Sir John Chisholm indicate that he might have a conflict of interest or he was going privately to be enriched by what was going on."

In the Defence Committee, the hon. Member for Crawley (Laura Moffatt) also quizzed Sir John Chisholm at great length about whether or not there was a financial gain for him and whether he was likely to get shares. The transcript can be seen on page 19 of the evidence. It was absolutely clear that he evaded telling anyone that he was going to benefit financially or through shares. The Chairman of the Defence Committee said:

"You know what I am getting at. I do not want to see people leaving the Ministry of Defence who have been part of the negotiation... and within 6 months 12 months or so ending up on a tripled salary."

We know that, for an investment of £130,000, Sir John Chisholm ended up with £25 million of equity in the business. It is probably a bit less than that now, but the principle still applies. No safeguards were put in place. The permanent under-secretary, Bill Jeffrey, made it clear to us that there were no safeguards. The Treasury must revisit the whole issue of QinetiQ and make sure that in any future transactions of that kind, better safeguards are put in place. Many of our constituents are very angry about it and many parliamentary colleagues were very angry about the fact that such a transaction was allowed to occur.

I wanted briefly to mention the progress on the Rural Payments Agency, which the right hon. Member for Islwyn (Mr. Touhig) mentioned. Johnston McNeill, the chief executive of the agency, came before us and I was quite impressed by his evidence. He gave quite a good account of himself. I have read in detail the Environment, Food and Rural Affairs Committee report on the whole fiasco and he did have a lot of responsibility. But it is also clear that that should have been shared more widely.

I find it extraordinary that an agency with the title of the Rural Payments Agency had the job of making payments but was unable to tell farmers either the date when they would get their payments or how much they had already been paid. I once worked out the number of payments per employee of the agency, and I think that it was 29. The employees could have been sent out to the farms, with a day for travel there, a day on the farm and a day for travel back, and the whole thing could still have been done and dusted in three months if the payments had been made by personal visit and manually. If people phone their banks, they can find out if they have received a payment and for how much, but that so-called payments agency was unable to provide those figures, which speaks eloquently of the scale of its failure.

I hope that the Treasury studies the reports from the PAC and the Environment, Food and Rural Affairs Committee and tries to learn the lessons. I agree with the right hon. Member for Islwyn that not enough effort is always made to learn the lessons, and that must change.

There is a hopeful straw in the wind, because the Treasury has appointed Mr. Martin Read, the former boss of Logica, to try to teach it how to run IT projects and to jettison them as quickly as possible when it becomes apparent that they have gone wrong, again. There was a tremendous headline in a story in an online magazine about the appointment, although it may not be entirely parliamentary:

"Ex-Logica boss to teach UK.gov how to identify crap IT".

The project apparently involves Mr. Read looking at how to keep

"dedicated teams on projects from start to finish"

and at

"not being afraid to abandon a project just because it's high profile".

However, the article points out:

"Both those aims would run totally counter to the traditional...way of doing things. The very essence of politics and public sector work is to never finish a project and to get out while the going's good. And because no one has a start to finish view of a particular project, no-one can really see how crippled it is, so the chances of anyone sticking their neck on the line and saying it should be pulled are next to zero."

I hope that that is too cynical a view and that Mr. Read's work will yield some benefits. The fact that he was forced out of Logica after a profit warning following a European buying spree in 2007—so that he presumably bought the companies involved at the top of the market—causes me some concern, but I wish him well.

My final remarks concern the national programme for IT in the health service. We do not have a report on that before us, although it is a long-term project that has been running for some six years, and is therefore now six years late. Two years ago it had been running for four years and was four years late, so little change there. There has been a development since we last had a chance to discuss it—the withdrawal of one of the major contractors, Fujitsu. Baroness Thornton described its departure in the other place as "a sign of strength", which is an interesting way to put it. Essentially, Fujitsu was prepared to fulfil the terms of its contract, but the Government have said that they would rather keep the project money than have that happen, thus risking a £700 million lawsuit, which—according to the press—Fujitsu is now threatening. And that is a sign of strength, apparently. It reminds me of Tom Lehrer's comment when Henry Kissinger received the Nobel peace prize that it was the end of satire. If that is a sign of strength, what would be a sign of weakness?

2.54 pm

John Howell (Henley) (Con): I shall begin by offering my thanks to my hon. Friend the Member for Gainsborough (Mr. Leigh) and members of his Committee for the work that they do. I shall pick up on two reports, the first of which relates to shared services. That is an area in which I have some practical responsibility, in that I had political responsibility for delivering a shared services centre in a large local authority. As I am a committed decentraliser, the centralisation inherent within shared services was something of a bitter pill to swallow, but the potential from shared services is so enormous that it is difficult to ignore.

I would like some reassurance on the models for shared services centres. They have become much more sophisticated, so they are no longer about the centralisation of everything in one place but about a number of different shared services that can work in parallel, supporting each other in partnerships or through federated solutions that deliver more of the benefits without creating the centralised monster that these things can become.

My experience has been positive and has delivered a high degree of success, with considerable savings. Let us be clear about those savings, however. They come from removing people from the pay roll where there is considerable duplication in areas such as finance and human resources. If shared services come with considerable savings, they also come with considerable cost. Success can be measured in a number of ways, not just in cost savings. This is a chance to avoid and remove duplication and to simplify processes, but, most of all, the implementation of shared services, if delivered in the right way, can be a fundamental tool in achieving culture change within an organisation and sweeping away a wasteful and bureaucratic culture.

I would be interested to hear comments on a few lessons that I took on board from my experience. First, the key to success is to have not only a strong business case but a superb level of detail up front in the implementation plan. It is not just about the practicalities of buildings and technology. Any organisation will find that multi-tasking means that bits of jobs are here and there. It is not unusual for somebody in finance, for example, to spend 40 per cent. of their time on finance and 60 per cent. of their time on something else. That is quite difficult to accommodate within the concept and model of a shared services centre, but unless that is done, the opportunity is missed not only to centralise the 40 per cent. that is devoted to the finance function but to challenge the viability of the remaining 60 per cent.

Secondly, it is absolutely essential to have a clear timeline, detailed financial information and an idea of exactly where the savings will come from. My experience is that that will change as the project advances, but unless one knows where one is at the start—or at least where one wants to be—it all ends up in an awful mess. I understand that a number of attempts at setting up shared service centres have already fallen foul of that. It is right to insist on detailed project plans and to measure progress frequently.

Thirdly, it is important not to be too ambitious. Most Government Departments could do with setting up a shared service centre just for that Department first, before the Government try to take an interdepartmental approach. If they try to extend too quickly, that will lead to problems because of the differences in culture—even fairly small ones—between different Departments. In the case of the shared services centre that I set up for my county council, for example, we refused from the beginning to follow the Government's advice to try to do it in one go by bringing in district councils, the police authority and whatever else. The differences in culture would have meant that that would have been too difficult and would have upset the financial business case. I would have been happy to consider doing that in the future, and I hope that those still involved in the project would be happy to do so, but it has to be done incrementally, so that people can be absolutely sure of the costs and the savings that arise.

Fourthly, the project cannot be divorced from a hearts-and-minds initiative. As I mentioned earlier, this is about major cultural change. In my experience, one of the biggest bits of cultural change was driving home the idea of the internal customer and of the needs of that customer. There are huge penalties and risks of failure if that point is not taken on board, and the IT requirements got right, from day one.

My fifth point is that is essential to have a separate governance structure that includes customers and simple service agreements. Such a structure ensures that customers have a stake in the shared services centre, and it also helps to secure efficiencies.

[John Howell]

Finally, it is very important that someone from the commercial sector outside Whitehall is hired to run any shared services centre that is being set up. If a centre is not run on proper commercial lines, the risk is that it will fall back into the bureaucracy from which it came.

The second report to which I want to allude, somewhat more briefly, is entitled "Ministry of Defence: Leaving the Services". The reputation of RAF Benson in my constituency is that it is extremely good at looking after the human resources needs of its personnel, but I am concerned about the effect that leaving the services can have on a range of health and family issues, as well as employment. That is why, in 2009—I hope in association with the Soldiers, Sailors and Airmen Families Association and the Royal British Legion—I shall be running surgeries on the base to fill in some of the gaps.

I took a look at the interview form that is completed for early service leavers, and it is not the most personal form that I have ever come across. As far as I could see, there is only one small box for additional personal information, with most of the rest of the form being concerned with handing people on as quickly as possible to other organisations, and to the jobcentre in particular.

I am aware that the National Audit Office found in 2007 that services for early service leavers were inconsistent, and I hope that the Minister can reassure me that there is some measurement of whether that consistency is being put into the system. It is important that early service leavers in my constituency and elsewhere have access to consistent services.

In addition, I should like the services to be joined up more with the services offered by local government, especially in relation to homelessness. Early service leavers are referred to a list of places, but the interview form does not seem to include any element that relates to passing them on to local government. Therefore, I was not surprised that many people responded to surveys asking for an evaluation of the resettlement packages by saying that they were not useful to their needs. I urge the Government to come forward with firmer proposals in that respect.

3.3 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I should like to begin by saying how much sheer pleasure I get from being a member of the PAC. I am very enthusiastic about it, and consider it the most interesting Committee appointment that I have ever had. The work that we do is an enormous source of satisfaction, covering as it does a wide spread of interest and subjects, and I compliment the hon. Member for Gainsborough (Mr. Leigh) on his skilled chairmanship, despite the many divergent views among members. Moreover, our Chairman always makes a very pointed and effective introduction to our sittings. The fact that he steals most of the questions that I would want to ask in my interrogations is purely incidental, because I suppose that that is his job. It has also been a pleasure to work with members of the Committee. The hon. Member for South Norfolk (Mr. Bacon), who is modestly exiting the Chamber before I can pay him any compliments, is one of the most effective questioners and financial analysts with whom I have ever worked. My right hon. Friend the Member for Islwyn (Mr. Touhig) brings to Committee a whole sheet of detailed questions, written on yellow paper in red ink. My correspondence is normally in green ink, as he will appreciate. His effective questioning of officials and Departments has been an inspiration. It is a pleasure to work on the Committee with those people. It is marvellous training or preparation for a ministerial job that I shall never have. It has been wasted on me; it came at the wrong stage in my career.

Mr. Bacon: A fine wine takes the longest.

Mr. Mitchell: Well, revolutions might happen, and we are all socialists now, so I have not altogether given up hope. I am very well trained, thanks to the Committee and to the hon. Member for Gainsborough. I want to make that clear, because it is such an effective Committee.

I now want to express one or two reservations about problems. In some—or most—senses, our reports do not make the impact that they should. It is a confusing situation; a National Audit Office report comes out, and usually hits the headlines, and some months later, the Committee produces a report saying much the same thing. People are not sure who is saying what. The impact is dulled because the reports come out in two stages. We do not follow up on our reports effectively enough; that is a failure on our part. On the Table we can see a pile of our reports. We are a very hard-worked Committee.

The Committee Clerks ring us up individually and ask us whether we want to do a radio or television interview about this, that or the other. I remember dealing with an unnecessary, expensive detention centre that had been built in the countryside around Oxford somewhere. I unearthed the fact that there were no security arrangements, as it had been built in that place because there was no bus service. Anyone escaping could not get a bus to the station to make their getaway. That was an extraordinary fact. Having revealed it in the course of the Committee's inquiries, I was asked to make a statement, but there was not time, and I could not do it adequately. We need a press office attached to the Committee to make sure that our reports have the impact that they deserve.

The fact that our reports do not have the impact that they deserve is indicated by the attendance at today's debate. There is dynamite in many of those reports. It is red meat that the Opposition should be devouring; they should be mobilising to use it against the Government. The left in the Labour party should be using it to further their views about the efficiency of Government spending, yet it goes unnoticed. The reports sit there on the Table, we briefly mention them, and then they are forgotten. The lack of interest in our reports and the lack of effort that we make to put their content over to the public are disappointing.

That is in total contrast with our American counterpart committees. I have watched them on C-SPAN, the Cable-Satellite Public Affairs Network. They are very effective; they are all on television, and they all have powerful, effective questioning. They haul the mightiest in the land before them and get headlines in the newspapers—and it is always a pleasure for a politician to get headlines in the newspapers. The lack of interest in our proceedings is depressing. It is partly our fault, because we do not have time to put over the arguments and give them political impact.

It is unsatisfactory that we are always dealing with issues posthumously. We interview a body's current accounting officer, but the people and officials responsible for the decisions that we are questioning and criticising have retired, been moved on or moved out, or been made governor of some remote colonial possession that still lingers in the Government's purview. We never deal with the people who made the mistakes.

Mr. Bacon: Does the hon. Gentleman agree that the most interesting thing about the NAO's regular reports on the Olympics—I think that there have been three or four—is not simply that they are about the Olympics but that they are not "posthumous", as he described it? They look forward to an event that has not yet taken place, and are getting in on the act much earlier in the cycle. Does he agree that that could represent a model that the NAO and, in turn, our Committee could apply to other areas of Government spending?

Mr. Mitchell: Absolutely. We need to keep a running analysis as the situation develops, as it puts us in a more powerful position. However, in most subjects, we are not in that powerful position. The best instance is the Ministry of Defence information system, with which we dealt yesterday. The contract is behind schedule and over cost, as several such big contracts are. It was decided to introduce it in 2000, but—I speak from memory of yesterday's discussions—it was finally introduced in April 2005. The accounting officer with whom we dealt was amiable and effective in giving us the official view, but he was appointed in November 2005, so he had no responsibility for the system that he had to explain and defend.

The one instance in which the official responsible appeared before the Committee was in the case of rural payments, and they were revealing about the procedures involved. I wish that we could have that experience more often. There is a problem with all the big IT projects that the Government are keen on. The intention is absolutely fantastic: details about this patient or that case or issue are open to access in any part of the country, depending on which train the laptop was left by the civil servant responsible. It is marvellous to have such access. There is too much enthusiasm for big projects, which are often too big. Every single one is inadequate; they are usually behind schedule—NHS Connecting for Health is one such project—well over budget and face many problems that are glossed over. There should be a centralised Government system to allow the civil service to vet and authorise those big projects before they go ahead, because I am not sure who is responsible for them.

The Exchequer Secretary to the Treasury (Angela Eagle): In fact, the Office of Government Commerce is in the middle of developing a system that does just that. It is called the major projects review group, and it aims to get a handle on strategically important projects, whether they are large or small, and do precisely what my hon. Friend said, from beginning to end. It is a new way of doing things and I, for one, hope that it will remove some of the blood sport that my right hon. Friend the Member for Islwyn (Mr. Touhig) discussed in his speech.

Mr. Mitchell: That is good to hear, and it is right that we should do it. However, it is a little late. It is closing the stable door after several big horses have bolted—and they are now wandering around the countryside, putting money into contracting firms and kicking people. Until now, the role of the OGC has been that of a marriage bureau, lining up Departments with IT firms and consultancies, rather than looking at the projects themselves and asking, "Are they too big? Are they trying to do too much?" That is the usual tendency, but we should ask whether those projects are going to produce a palpable gain, and what the position of the heritage system is while the new system is installed. That is never thought through, and I do not know why. I do not know whether Ministers are pushing the virtues of big computer contracts on the civil service, hoping that once everything is mobilised in such a fashion, government will be more efficient and cheaper to run and they can fire all the civil servants. I do not know whether it is a question of fashion in the Departments. I do not know whether every Department must have such a contract and the bigger it is the better, or whether there has been zealous salesmanship on the part of the companies. Who is to tell? Certainly, the projects are oversold, and the civil servants do not seem competent at cutting down to reasonable dimensions the brochures and vision that they are given by the salesmen and asking, "Is this really going to work?"

There is a problem, and I am delighted to hear that something is being done about it, but at such a stage it is too late in our experience. We are left with several big projects that will be very difficult and very draining financially before they are working. There should be a degree of pre-testing, which does not seem to have occurred. Yesterday we were looking at the information system in the Ministry of Defence. When the computers were to be installed, it was found that they could not work in the existing buildings without serious modifications. They were never pre-tested. Again, some general review should require that and should require Departments to justify these big projects before they are authorised.

Some means of central authorisation is necessary, and some degree of sanction against the firms that oversell the projects in the first place. On the tax credits issue, EDS had to pay compensation because of the inadequacy of the systems that it had installed, but that compensation was geared to EDS getting more Government contracts from which it could pay the compensation for the mess that it had made on the first Government contract. What an insane situation. If a firm screws up one contract, it gets other contracts to help it pay for the compensation on the contract that it screwed up. I have never heard anything like it.

I do not know much about banking, but I can say that there is insufficient disciplining, control and sanctioning of companies if they fail. I should like to see the same procedure as for Gershon-style economies—the grinding Gershon wheel that is supposed to squeeze fat out of the Departments all the time, as they go along. That goes on remorselessly, even at a time when Departments are trying to carry on some major function. The Rural Payments Agency is a classic example. Because of the Gershon economies, people are being fired at the same time as the agency is embarking on one of the biggest tests of its efficiency and payments system that it is possible to imagine. The result is that it is understaffed, the people who know the work have gone, and the agency must hire them back again to make up deficiencies.

[Mr. Austin Mitchell]

Such economies must be co-ordinated. There is another example coming along in the Department for Work and Pensions, which is proposing to fire a large number of civil servants just as we all know that the coming recession will increase the number of unemployed, create more work for the Department and make its life more difficult. Nevertheless, it is proposing substantial reductions in personnel. The functions, personnel and computer systems of a Department need to be co-ordinated.

I turn from such general preoccupations to a few specific points about some of the reports that we are discussing today. I was somewhat worried by the tax credit system, which we dealt with a week ago. It was implemented in too inflexible a form, which has resulted in large sums of money having to be clawed back from the poorest sections of society. Mainly because of the inflexibilities of the system, the people whom it was meant to help must repay large sums that they cannot afford and which, in fact, will never be recovered.

The suspicion crosses my mind that Her Majesty's Revenue and Customs, which does not want that burden—it is used to taking money from people, not giving it to them—is embarrassed by the situation and has therefore implemented the giving back or credit system in such a ham-handed fashion that the system is discredited. That is too malign a thought for our civil servants, but things have been cumbersome and the HMRC has been far too slow in bringing them into line. The testing has been inadequate. The system itself is good, but its implementation has been clumsy.

The treatment of those who are being and have been asked to pay back large sums—they are particularly so for them—is in total contrast to what we saw in another of our reports on HMRC, about the management of large business corporation tax. According to *Private Eye* and evidence given to us, the businesses that pay large sums in corporation tax are wined and dined by HMRC. Their representatives are taken out to expensive restaurants and asked how HMRC can be nicer to them, what would oil the wheels, and how the companies can be made to cough up voluntarily—a proposition that must be extraordinary to the large corporations. All that is in great contrast to the treatment of the poor, whose faces are ground in the debt and who are pursued in the most cruel fashion. They are taken to court and forced to repay.

The report on the taxation of large corporations was very worrying. The position taken towards such corporations was, on the whole, one of trust—"We trust the chaps to fulfil their obligations." But we all know that a culture of tax avoidance, and in some cases tax evasion, permeates the whole of business. Companies, particularly big companies, are not paying the social rent that they owe this society for profits generated in this country. News Corporation Ltd is the classic example: it has very profitable investments in this country, but its tax affairs are fiddled through a whole plethora of tax havens and it does not make anything like the contribution that it should to this country, given the revenues and profits that it generates here. That is the culture, yet those are the chaps whom we are asked to trust to pay their tax obligations.

The TUC has estimated that tax avoidance by companies and the wealthy costs everyone at work £1,000 a year. In other words, a total of £13 billion is lost through tax avoidance. We try to get to grips with the issue, but our effectiveness is nothing like that of the American committees. They have been dealing with the same culture as ours: big firms sell tax avoidance—and tax evasion—schemes to the companies in the knowledge that it will be profitable to implement them until the Internal Revenue Service catches up with them, as it eventually does.

Interestingly, following a US Senate committee inquiry into the design, marketing and implementation of abusive tax avoidance schemes, KPMG, a firm of which I have heard, admitted criminal wrongdoing and was fined $456 million. That involved shuffling money around the world. The Committee found that major banks such as Deutsche Bank, HVB Bank, UBS and NatWest provided purported loans and credit lines for the purposes of tax avoidance. Those schemes were sold by KPMG and there is the same system here; it is just less publicised and more covert, because we never get to hear of the details.

The US Senate report showed that from 2000 to 2007 Morgan Stanley helped clients to dodge payments of US dividend taxes of more than $300 million. The late lamented Lehman Brothers indulged in the same scheme. When e-mails from within Lehman Brothers were produced before the Senate committee, they showed one executive telling another that

"the cash register is opening!!!!"

and another saying:

"Outstanding…Let's drain every last penny out of this"

market opportunity.

Those were the American investigations. We do not have the power and effectiveness of those committees—I wish that we did. We need to go into this area because it directly affects this country's finances on a massive scale, shifting the burden of taxation on to individual taxpayers in favour of a big industry of tax avoidance and evasion in which companies are not paying their way. Our recommendations were very good, but we encountered the disadvantage of their not being publicised enough and not becoming part of a major debate.

We pointed out that whereas the Americans have an estimate of the tax gap—in other words, the tax that corporations should be paying as compared to what they do pay—we found that HMRC had no measure of that tax gap and appeared reluctant to develop such a measure. Unless we have a knowledge of the sums at issue and how the matter is being dealt with, we cannot possibly deal with it. An outstanding recommendation of ours was that it should develop such a measure and it should be publicised. We need to know what the tax gap is, how much has been avoided and how much has been evaded. We found that as HMRC has reduced the use of generic avoidance schemes, tax advisers have developed bespoke schemes that are now flogged to help business.

We found, too, that HMRC would find difficulty as regards its staffing in coping with the clever, highly paid boys who devote their whole lives to devising schemes that can be sold on to the banks and other businesses to avoid taxation. There is clearly a problem in terms of the amount that HMRC can pay its staff compared with the amount paid by the institutions—the big

accountancy houses and others—in developing these schemes. The two areas are totally unmatched. HMRC's large business service faces a loss of skills and industry knowledge as more experienced staff are due to retire. It will have to recruit people with the skills and ability and at the pay level necessary to cope with this issue.

This is an excellent report on our part, but it has fallen with a dull thud and without the public reaction that it should have generated and deserves. We are dealing with a major political issue—one of a whole series that we come across in our work. We need to be able to promote it further, push into the political forum and get it discussed instead of seeing it falling mutely like a feather on the waters; I was about to say a tomb of silence, but I am mixing my metaphors too much. We are doing important and valuable work—frightening work in the sense that there is so little sanction and so little discussion at the end of the day. Apart from that, more power to our elbow.

3.29 pm

Angela Browning (Tiverton and Honiton) (Con): It is a great pleasure to follow the hon. Member for Great Grimsby (Mr. Mitchell); he is never a feather to fall silently on water.

I begin by apologising to the House for not being here at the beginning of the debate as I had a prior engagement. I gave my personal apologies to my hon. Friend the Member for Gainsborough (Mr. Leigh), and I pay tribute to his chairmanship of our Committee. I would like to put on record how much we on the Public Accounts Committee owe to the National Audit Office for the calibre of report that it puts before us. The reports are always of such high quality that it is a pleasure to work to them, although I sometimes find it rather challenging to have to read up on two separate subjects a week.

I would like to touch on some common themes, not just in the reports that are before the House today which have recently been considered by the Public Accounts Committee, but in what happens once the NAO report has been published and we are yet to take evidence. One cannot help but feel that the moment an NAO report arrives in the public domain the Department it refers to goes into frenzied activity in order to try to mitigate some of the recommendations or criticisms before the permanent secretary and other officials are required to attend an evidence session. I am sure that it is just hearsay that there is a special training course for permanent secretaries who may have to appear before the Committee.

During the time I have served on the Committee, I have not found any discourtesy in the treatment of civil servants, although probing questions are asked. However, there are times when the subject matter that we are dealing with reflects not so much the role of the accounting officer but the policy behind it, and often one wishes that not just civil servants but the Ministers responsible for the policy were appearing before us. Unfortunately, as the accounting officer, the permanent secretary has to account for the public expenditure. One cannot help feeling that, given the number of times in evidence we are told, "Since the NAO report was published, we have made huge improvements", the reports are seen as a trigger for improvement.

That picks up on what Members from all parties have referred to during this debate: the need to look at how the civil service and Departments work—individually and collectively, because often there are cross-departmental issues. If the NAO has picked up on difficulties, discrepancies and lack of good use of public money, surely there should be a better mechanism in individual ministries so that they can identify much of that for themselves and address it before the NAO trigger is reached, valuable though it is—although we would not wish the Committee to be decommissioned because it was no longer seen as necessary. Ministries are reactive to the reports, and one wonders what is lacking in their structure that means that they do not pick up on such issues earlier.

I would like to make some suggestions that pick up on what others have said today. Like many Members, I am occasionally invited to speak to the National School of Government, formerly known as the Civil Service College, and as a former Minister I hold the training of civil servants in our country in high esteem. I know that it is fair game to criticise the civil service, but we have one of the best civil services in the world, and its training is very good. However, somehow it has lagged behind the commercial sector in integrating core management skills into the workings of the organisation—or in this case the Department. I shall come on to the IT skills and commissioning that has been mentioned. As a member of an institute that is interested in management, I feel that Departments should improve their skills in two core areas.

The first area is management information systems. It is key that such systems are considered, whether for an individual project or a strategic overview of a Ministry in carrying out its duties. People should be properly trained to ensure that information is both timely and relevant to ensuring that the Ministry works efficiently. My hon. Friend the Member for South Norfolk (Mr. Bacon) said that he had identified a lack of accounting skills in key positions. One would have thought that that was pretty basic. If one has a work force who lack skills, one should adjust one's recruiting programme and in-service training to ensure that the skills are obtained or recruited in. As time goes by, one gets the impression that that work is not done quickly enough to tackle some of the problems that we consider in the Public Accounts Committee.

The second area is project management. Outwith the IT side of things, project management should be integrated more, and the skills associated with it should be integrated into Departments. Lack of continuity has been mentioned. A long-term project is difficult to achieve when there is no continuity among the people who have to oversee it. Sometimes that cannot be avoided, but if a project has been set up properly, with a proper management system, one should be able to replace key people as it progresses without causing detriment to it. The reports from the NAO and the PAC suggest that the civil service should completely review its training and recruitment for and management of those two core functions.

Some of the problems that the reports identify are persistent. Even when they are identified, it is often difficult to ensure that they are corrected in a timely manner. Although there are several examples, I shall refer to the single payment scheme, about which our report states that, although most farmers are being paid

[Angela Browning]

earlier than they were in 2005, "errors persist", and that the Government run the risk of being fined hundreds of millions of pounds. One would think that every warning bell in the Ministry would ring at that. Apart from the practicalities of getting the scheme right, the Ministry was heading down a road that would leave the British taxpayer culpable for such a fine. That should have been picked up early. If proper project management had been applied to the scheme, the problems might have been avoided. The does not apply only to the single payment scheme—there have been persistent problems with tax credits and pay-as-you-earn.

Mr. Bacon: Before my hon. Friend moves on from the single payment scheme, let me point out that, although there might not have been adequate project management, a series of Office of Government Commerce reviews was published in the back of one of the NAO reports on the Rural Payments Agency. They showed that, time and again, the OGC gateway process produced red traffic lights, but nothing happened. At no point did anyone at the centre say, "Stop." Things simply carried on.

Angela Browning: Indeed. That is why I believe that such projects need to be properly managed, and key people need to take responsibility for them. If there is a properly drafted project management scheme, those responsible should be easily identifiable. As my hon. Friend said, that did not happen and, as he pointed out in his speech, the appalling record keeping compounded the single payment scheme's problems. As I said earlier, I believe that the political imperative was sometimes to blame. Sometimes it would be helpful to have a Minister rather than a civil servant present. I recall that when the right hon. Member for Derby, South (Margaret Beckett) as Secretary of State for Environment, Food and Rural Affairs announced the single payment scheme to the House, it was done in a very hurried way.

Let me come on to information technology commissioning and the overseeing of IT, which lie at the heart of many of the problems brought before the Public Accounts Committee and covered in its reports. It seems to me that the single payment scheme is a classic example of a policy being introduced hastily—possibly against the advice of civil servants at the time, although how would we know for sure? If more time were taken and more trialling done before a policy was rolled out as a national scheme, the Government and relevant Departments would hopefully pick up more of the many problems caused by complex IT schemes—problems for our constituents and, more particularly for the PAC, problems that lead to a huge waste of taxpayers' money.

I say again that I am not an IT expert, so I am nervous of venturing down the path of making recommendations on IT to the Government, but it seems to me that the commissioning of software is a particular problem and that the people who draw up the specifications in the first place often do not have the necessary qualifications or knowledge. That brings me back to having proper management information systems—all these issues feed into each other—that are necessary in order to commission correctly.

There are always going to be glitches with major IT projects—there are bound to be; it is never going to be perfect the first time round—but by trialling and sorting out the glitches before a programme is rolled out, the Government and Departments could avoid many of the difficulties. That applies not just to DEFRA—or EFRA as it is now often called—but across the board. Perhaps one of the worst examples was the commissioning of projects in the Ministry of Defence, but problems have been evident in the NHS and the Department for Work and Pensions, as well as in the Department for Environment, Food and Rural Affairs and the Ministry of Defence.

I hope that as a result of today's debate the Minister will take forward some of the overall concerns that have been expressed. We have heard specific complaints about individual reports, but I am referring to overall concerns about recurring problems and common themes that the PAC all too often picks up in its reports.

I conclude by noting the opportunity presented to the PAC to come back to its reports more frequently than at present. It is very difficult to decide which of the National Audit Office reports should be considered in an evidence sitting—ideally, we would like to consider them all. Two a week when the House is sitting is a lot of reading, but, equally, the power of the PAC in comparison with other Select Committees is that it has the opportunity to call the permanent secretary and other officials back in order to monitor progress after the previous report. We already do that to a degree, but in my opinion, not enough. If we could bring reports back more frequently, where appropriate, we could make more of a difference to some ongoing and persistent problems.

3.43 pm

Justine Greening (Putney) (Con): It is a pleasure to respond to this debate, which has been fascinating to listen to. Speaking as someone who spent about 14 or 15 years in business and industry before becoming an MP, I know that many of the issues spoken about today make a lot of sense, as I often ran up against them in industry.

The excellent Chairman of the Public Accounts Committee—I shall pay further, more detailed tribute to him shortly—rightly opened the debate by pointing to the considerable changes that have occurred since we debated the previous PAC reports back in May. If we had thought back in May that we would see the current bank rescue plan, hear the word "nationalisation" being used more frequently than it has been for years, and witness the general worsening of our country's fiscal position—the Governor of the Bank of England delivered a bleak prognosis only this week, and today the Institute for Fiscal Studies has reportedly flagged up a potential £125 billion black hole in the public finances—we would have found it difficult to believe that all that could happen so quickly.

There is no doubt that times are changing, but one of the reassuring facts to which we can cling in these changing times is that not everything changes; some things remain constant. For me, the work of the PAC is one of the reliable constants that we have in public life. There are a number of reasons why the Committee works so well, and I hope to discuss them briefly, but first I want to add to what others have said about some of the issues raised in the reports.

The Committee's leadership is, of course, critical. There is no doubt that the ethos of the Committee—its tenacity, and its forensic ability to look under the difficult

stones and rocks presented by the Government—is embodied in my hon. Friend the Member for Gainsborough (Mr. Leigh). He set out very clearly the challenges that the Committee faces in examining so many different topics. As we have seen today, it contains a unique combination of talents: an eclectic mix of members, with a massive variety of not just skills but opinions. I pay tribute to its Chairman for his ability to corral that diversity of talent, skills and opinion into such powerful reports. There is real verve in the Committee's work and, beneath it all, a clear understanding of what it is there to do—to play a critical role in carrying out its parliamentary scrutiny of the work of Government.

What strikes me when I listen to and participate in debates on the PAC is the breadth of its remit. We need only consider the sheer breadth of the issues covered by the reports, which range from tax credits and PAYE in the eighth report to the 2012 Olympics in London in the 14th report, the single payment scheme in the 29th report, and benefit fraud. People are often asked to engage in a trade-off between quantity and quality, but—as was made clear by my hon. Friend the Member for Tiverton and Honiton (Angela Browning)—although the Committee's members may have to wade through an awful lot of material, they make no trade-off in favour of either quantity or quality. It produces numerous reports, which are always of extremely high quality.

I was particularly interested to hear the Chairman's views on financial management, reducing internal costs and understanding risks. I felt that he hit the nail on the head in highlighting those three elements. Without them, it is difficult for any Government of any political persuasion to deliver true value for money, which is, of course, the key focus of the PAC.

As was suggested by my hon. Friend the Member for Tiverton and Honiton, in today's IT age there should be more scope for understanding of the financial management of Government than ever before. We should have better data and information to enable us to exert control over public expenditure, and over the devising of policy more generally, by means of effective decision making. However, that does not seem to be happening, as has been emphasised in a number of the PAC's reports. Three examples are the tax credits report, the benefit fraud report and—this was close to my heart because I am a London Member—the 2012 Olympics report.

I was shocked to see in the benefit fraud report that £2 billion of taxpayers' money has been lost owing to customer and official error, and it is worrying to learn that that has doubled in the last five years. There is no doubt in my mind that the complexity of the benefit system is one of the key reasons why this is able to happen.

On tax credits, we heard that £4.3 billion of taxpayers' money remains to be recovered. All those who hold their constituency surgeries on a weekly basis, as I do, regularly see people who have been the victims, as it were, of overpayments and who are now having to struggle to pay the money back. The Committee is right to point out that there must be a question mark over how much of that £4.3 billion that has been overpaid will ever actually be recovered.

I was particularly interested in the London 2012 Olympics report, and I was fascinated to learn of the Committee's concerns about the unrealistic original budgeting for the Olympics. As an accountant, I shared those concerns about the robustness of that budget when the Olympics Bill passed through this House. It is one of the reasons why I was one of the few Members who voted to cap the contribution of the London taxpayer to the London Olympics budget; I had a clear sense that an increase in that budget would be required, and that that would swiftly make its way into the taxpaying liability of London taxpayers—and, unfortunately, I can clearly see that happening. I hope that over the coming years the Committee will be able to return to not only difficult issues such as tax credits and benefits fraud but the London Olympics, to continue to watch how taxpayers' money is being managed and how the Government are delivering value for taxpayers' money.

My hon. Friend the Member for Gainsborough raised the very pertinent and valid issue of financial skills and awareness among not only civil servants who are responsible for budgets, but those who are non-financially responsible, as it were. With my background as an accountant, I fully understand why being able to manage budgets is important, but it is also vital for the accountability of Government, because when all the political rhetoric of this place is set aside, in my experience all we are often left with is the figures. Therefore, being able to understand what the figures mean is crucial for parliamentary accountability. As my hon. Friend the Member for Henley (John Howell) articulately pointed out, it is essential to have the figures in place against which Government can be held to account on whether they planned ahead or went into the necessary detail. The reports often rightly point out that there was not sufficient planning ahead on key projects or enough detail in implementation plans, and that insufficient project management skills were brought to bear. The result is that we lose taxpayer value for money and gain Government waste.

Another reason why it is vital that all civil servants have an ability to manage finances—after all, they are all ultimately responsible for some form of taxpayers' money in their activities—is that when people understand how to manage the budgets they are impacting on and responsible for, they have the confidence to be able to take better decisions. The worst situations I have come across in industry have been when I have been confronted with people who were not clear about how to manage their resources, and who therefore would resort to ever more elaborate ways of hiding that fact by generally making their resource management as complex as possible, as once other people understood how they were managing their budgets it became clear that they were not doing so very effectively. Therefore, giving people the toolkit to manage their budgets better means that we are bound to have much better taxpayer value for money.

I also welcome the upcoming national audit reviews of the financial management of each Department, because I have no doubt that the reviews themselves and the reports they generate will be of great value to the Departments and will also provide valuable fodder for careful consideration by the PAC. If government is to be set up for success, it is vital that we have good financial control, clear accountability and good information and transparency across the board. We must confront issues, whether climate change and carbon footprints—that is ultimately about how broadly we examine the carbon impact of different options—immigration and the

[Justine Greening]

contribution that migration brings to this country, or another diverse topic, calculating our debt. Ultimately, it is critical to understand what are the right figures to examine in any given situation, and that means good training. It is only with good training that we will end up with much better decision making.

I share the frustration of the right hon. Member for Islwyn (Mr. Touhig) about waste. He talked about the very real impact that it has on projects in his constituency, and we can all think of such projects in our own constituencies. I instantly thought of Elliott school, which is desperate for capital spending to make it a school that we can be proud of, and the lifts that we are keen to get at East Putney station to make it accessible to everyone. Such projects bring into sharp focus the cost of waste, which is much more than just a figure—it is money that cannot be spent on the key projects that communities across Britain would like it to be spent on. We all have such projects in our constituencies, and they demonstrate clearly why the work of the PAC is so important.

Comments have been made about responsibility for decisions and waste, which is critical. Running through all the comments has been frustration and the sense that there needs to be more accountability and responsibility for things when they go wrong. Having come into the House from industry, I get worried that it seems that the best way for a civil servant to stop their next promotion is to say no to a Minister and to be the person who tells him or her that things are not going well and that change is needed.

Angela Eagle: I agree with a great deal of what the hon. Lady is saying, but I wanted to pop up while she was talking about promotion and civil servants to point out to her that Ministers have no bearing whatever on who is promoted in the civil service. That is done independently. It actually sometimes gets a bit frustrating for Ministers to see people who are doing a superb job not being promoted as much as we might want. There has always been a strict separation.

Justine Greening: I am very grateful for that extremely helpful intervention. It brings me to the point that I was trying to make, which is that a lot of risk management goes on in government, but sometimes it is—dare I say?—too focused on short-term political risk rather than the longer-term delivery risk of particular projects.

My hon. Friends the Members for South Norfolk (Mr. Bacon), for Henley and for Tiverton and Honiton made clear points about the issues that the Public Accounts Committee has highlighted, especially those to do with IT projects. I know that the hon. Member for Great Grimsby (Mr. Mitchell) shares our real frustration with a whole range of projects, but he said that we are all socialists now. Although I have said that I am concerned that things are not looking good in our country at the moment, I do not think that they are quite that bad. I share much of his frustration, but that was definitely one comment with which I could not agree.

I found the comments of the hon. Member for Southport (Dr. Pugh) extremely interesting. He was the one Member who talked particularly about property management. That topic perhaps does not get as much attention as it ought to, and I was extremely pleased to see the PAC examine it. As the Member whose constituency contains the site of the old Putney hospital, which has been derelict for 10 years, I have found it amazing that property management across government sometimes happens at a pace that seems glacial compared with what would happen outside this place. The Committee's report on that matter was quite important in generating a debate not just inside but outside the House.

I shall wrap up by again congratulating the PAC and its Clerks. It plays a crucial role in our parliamentary democracy and in ensuring that the Government and Ministers are accountable. As I said, its spirit is embodied in the articulate, forensic and tenacious approach of its Chairman, my hon. Friend the Member for Gainsborough, who opened today's debate. I wish the Committee well in the many challenging reports that I am sure it will produce over the next few months, and I look forward to our next chance to debate the results of those reports in this Chamber.

4 pm

The Exchequer Secretary to the Treasury (Angela Eagle): It is a great pleasure to have the opportunity to respond, once more, to our debate on the Public Accounts Committee's reports—this is the third time that I have done so. Today's debate has demonstrated not only the wide-ranging nature of the PAC's work, but the fascinating insight that it gives its members into the way in which government works. I speak as a three-times member of the Committee; I was a member when I was in opposition and when I was on the Back Benches in government after having been a Minister, and I am now a member, although in the slightly more formal sense of being the Treasury team's representative on the Committee.

I have always been a great advocate of the Committee's worth; it proves its worth every time it sits. That tradition has been carried on under its current Chairman in the usual fine way, and I too congratulate him on the work that he does. The Committee builds on a great, long and proud tradition of ensuring that public moneys, which are voted by Parliament, are properly accounted for in respect of value for money and ensuring that the appropriate lessons can be learned when reports are produced.

In these difficult and turbulent times, thinking about what the Committee does might not be to the fore. People might call its work accountability and they might dismiss it as housekeeping, but it is even more important in difficult and turbulent times; a recurring theme of today's speeches has been that public expenditure and getting value for every pound spent becomes even more important. I know that members of the Committee are driven by a strong desire to secure high quality public services and value for the money spent, and I share that desire.

Working in the Treasury recently has obviously been challenging, but I suspect that the same could be said in respect of every finance ministry in the world, as we have been struggling to deal with the turbulence and the unique set of circumstances endangering the global financial system. Some of us have only read about such times in history books; actually experiencing them is a different thing. In this storm, the Government's priority is financial stability, as my right hon. Friend the Chancellor

of the Exchequer has repeatedly made clear in statements to the House. We are determined to do whatever it takes to secure that stability, and we have already put in place a comprehensive package of measures to support the financial system and to protect ordinary savers and businesses, who rely on a strong banking system in order for the economy to work. We maintain a careful watching brief.

As a number of reports this week from the CBI, the National Institute of Economic and Social Research and the Governor of the Bank of England have made clear, we are in very difficult and challenging times. The economy is dealing with the biggest shock to the system for generations, and the Government will continue to act to ensure that we get through these challenges in the fairest way possible. I assure all hon. Members that we will continue to pay extremely close attention to the work of the PAC, even in times when the attention of the media and others who follow our debates is torn to other areas.

The Government take the recommendations of the Committee very seriously and have a good record in implementing the vast majority of them. This year in response to the Committee's request, Departments will report progress on all their outstanding agreed recommendations in their autumn performance reports, which I think will be an extremely good discipline on them. It may focus a few minds and ensure that things that may have slipped off the radar suddenly re-emerge so that that they can receive the focus that they deserve.

I want to respond to some of the issues raised by right hon. and hon. Members. The Chairman of the Committee, the hon. Member for Gainsborough (Mr. Leigh)—whom we all love and who has had a lot of praise today—had a little dig at the Treasury with respect to the efficiency of the use of the Government's property and pointed out, helpfully I thought, that the Treasury sat at the bottom of the list. We have taken action to mitigate that and have continued to increase our building occupancy since 2005-06, increasing our net internal area figure—the hon. Gentleman will know what that is —for 1 Horse Guards road, our main building, from 21.9 sq m per full-time equivalent person to 16.62 sq m, which I think is significant progress.

We continue also to look for new tenants to take up the vacant space but I hope that the hon. Gentleman will recognise that the fact that the Treasury's main building has some constraints upon it because of its listed status, the wide range and sweep of some of the stairwells and the width of some of the corridors make it difficult to use absolutely every square inch in the efficient way in which some newer buildings might be utilised. However, I assure him that we continue to try to make progress on that, and we have made some.

The Committee Chairman said that there was a narrowed ideological gap between all parties. I do not know whether that means that we are all socialists. The hon. Member for Putney (Justine Greening) was denying that earlier. I have an inkling that the ideological gap has widened in the last few months and we are no longer talking about how to manage a system established post-Thatcher and Reagan, but are looking to see how the pieces will reorder themselves after the shocks that we have had. This is only a personal opinion; ideological gaps might be widening rather than narrowing, but I am sure time will tell.

My right hon. Friend the Member for Islwyn (Mr. Touhig) expressed great frustration, which everybody shares, at the opportunity cost of money that is wasted and what could have been done with it if it had been used more effectively and efficiently. That is right at the heart of the work that the Committee does and my right hon. Friend represented the zeal with which those of us who have been privileged enough to sit on the PAC during the course of our parliamentary careers—at whatever stage that might be—can identify and feel. Committee members in the debate today have managed to get across that motivation. I share his ambition to reduce the "blood sport" nature of the Committee's hearings, even though Ministers do not appear before it, a fact that has been commented on today. If the hearings are less like a blood sport, it will improve the efficiency and value for money of Government expenditure. I therefore share my right hon. Friend's ambition to try to make them a kinder experience.

The hon. Member for Southport (Dr. Pugh) made some interesting points, ranging from money laundering in foreign dependencies to the review of neonatal care, which was similar to the work that the Committee did last year on social care—taking a more thematic approach to areas that do not always get considered. He also talked about the report on leaving the services, which was raised by other hon. Members. He set out a forward agenda, and was possibly making a bid that the Chairman will doubtless consider and will make a few civil servants shake in their boots, as he suggested consideration of the remuneration of senior civil servants. Far be it from me to comment on that, because the Chairman will obviously decide how he wants to take forward the work of the Committee in conjunction with his colleagues.

As usual, the hon. Member for South Norfolk (Mr. Bacon) walked in with a huge box full of all of the reports that we are discussing. I have a list of them on a large piece of paper, but he has a box of them, which sums up the way in which he approaches his work on the Committee. He is on top of all the detail of its scrutiny. He asked why EDS has not paid HMRC's compensation. There was a PAC hearing on 8 October at which the subject came up—*[Interruption.]* Ah, the hon. Gentleman was in Turkey so he missed the vital information that would have answered his question. The acting chief executive officer of HMRC said that it was in delicate negotiations on that very subject. The time by which HMRC expects to be paid runs out in the next couple of months and the acting CEO made it clear that he intends to be paid, but asked for the Committee's forbearance while the discussions concluded. The Chairman said that that was reassuring. I am sure that the hon. Member for South Norfolk will pursue the issue the next chance he gets, if he is not in Turkey—

Mr. Bacon: May I just point out that I was not on a beach: I was speaking at a symposium on the changing role of Parliament and the budget process.

Angela Eagle: That is entirely typical of the hon. Gentleman's commitment to his duties and how seriously he takes the whole issue of financial control and probity.

The hon. Member for Henley (John Howell) gave the House the benefit of his experience of introducing shared services in a diverse and complex organisation. I for one think that he has picked on the right areas for

[Angela Eagle]

attention, and it is important that those who are thinking about removing duplication and achieving efficiency savings through shared services take into account the issues that he raised. We agree that there is great potential to make savings in that area, but it has to be done properly and effectively or else it can be counter-productive. We agree that there is potential to make central Government savings, and that is why my right hon. Friend the Chief Secretary has announced the operational efficiency programme, which has a particular strand to consider the potential for shared services. I shall point out the hon. Gentleman's observations to those who are doing that work.

The enthusiasm felt by my hon. Friend the Member for Great Grimsby (Mr. Mitchell) about his appointment to the Committee was obvious to all who listened to his speech. His enthusiasm has not dimmed since his last contribution to such a debate, which is always a good sign. We know that the trend is possibly even up when it comes to enthusiasm. I agree that it is a pleasure to work on the Committee, having done so twice. I also agree that it is very good training for a ministerial post. I am sure that those Members who have had the privilege to serve in government and who have been on the Committee would agree that it gave us a great deal of insight and never leaves us when we are making our decisions. It has a positive bearing on how we approach ministerial life. If my hon. Friend aspires to a ministerial post, then he never knows—stranger things have happened. I wish him luck if he has any ambitions in that direction.

Mr. Austin Mitchell: I am grovelling hard.

Angela Eagle: I have to say that in 16 years in this House, I have never seen my hon. Friend grovel. He has obviously decided that I have no influence in these matters and his grovelling must be going elsewhere. I wish him luck with it.

My hon. Friend made some extremely important points about the culture of tax avoidance and evasion. Obviously, we take that issue extremely seriously, although I suspect that he doubted that. I shall draw his comments to the attention of HMRC.

The hon. Member for Tiverton and Honiton (Angela Browning) did what many other hon. Members have done today and went from the specific to the general. Common themes always come out when one is considering value for money, such as how one can create a process that minimises the chances for waste and increases the possibility that we will get the best value for money that we can. She identified that core management skills and project management skills are important. As a former Minister, she will know that some areas of Whitehall are better at that than others. There is a general recognition in the senior civil service that there is a shortage of project management skills for many reasons, but I can assure her that the Office of Government Commerce and senior management figures in Whitehall are extremely aware of that and are taking action to try to deal with it.

Angela Browning: I recall, in a former life, being required at very short order to remove all ruminant feeds from every mill in the country. We did not have the staff with the project management skills to do that at the Ministry of Agriculture, Fisheries and Food at the time, so we borrowed people from the Department of Trade and Industry, who were very competent. Obviously, one would like every ministry to have its own skill set, but is there enough identification between ministries of people who could be seconded to do specific tasks?

Angela Eagle: I agree with the hon. Lady's general observation. There are weaknesses in particular Departments, but there are also weaknesses because of the silo nature of Whitehall. The connections between Departments are often not as strong as any of us would like to see. I reassure her that the OGC is apprised of that fact, particularly with respect to procurement. I know that procurement is not everything, but £175 billion of public procurement a year, of which £70 billion is carried out centrally by Whitehall Departments, is quite a big slug of money to focus on to begin with. That is why we are conducting procurement capability reviews in every Department, and they will be published. We are having a very good exchange with senior managers, who are engaging not in a defensive way but in a way that demonstrates that they are willing to learn.

As part of transforming the Government procurement process, we are also trying to give much more training and recognition to procurement professionals across Whitehall. We want to begin to create a cross-Whitehall and cross-departmental culture of procurement. That will benefit both procurement and project management, and there are solid foundations for the development of an approach that will break through the silo mentality that everyone who has been in Government will have experienced. Everyone in the House who deals with Departments can sense that mentality and knows that it exists. I am optimistic that we are making progress in that area, but I cannot say that all the problems are solved and that there is not a shortage of procurement skills in the public service.

The hon. Member for Gainsborough asked whether the hopes of the Department for Culture, Media and Sport to raise £100 million from the private sector to go to the training and support of elite British athletes were still realistic. Obviously, I should like to begin by joining him in congratulating our sports men and women on their excellent performances in Beijing. We will all remember their various triumphs for a long time, but we also need to recall that, in addition to the lottery funding, £265 million of Government revenue was given to elite athletes for training and support ahead of the Beijing games. For the first time ever, that money included individual living cost allowances that enabled the athletes to focus on full-time training for their sports. That was very successful in helping them to achieve the excellence that they did achieve. We stand by our commitment to give our elite athletes the best possible preparation. There can be no absolute guarantee of private sector funding, especially in circumstances that are changing as much as the present ones, but we continue to work towards securing it.

I shall take a little of the House's time to talk about some of the general issues raised by the hon. Member for Gainsborough. He asked about the governance of the National Audit Office, and a great deal has happened in that respect since our last debate five months ago. We need to recognise the changes to the NAO that will take place in the coming year, and I am especially grateful to

the hon. Gentleman for his continuing efforts, which he mentioned in his contribution, in helping to bring about essential reforms to the office's governance, as recommended by the Public Accounts Commission. We all want those reforms to be introduced, and I am pleased that the process of appointing for a new commission chairman and new Comptroller and Auditor General has begun. I have every expectation that successful candidates of the right calibre can be announced in due course.

I should also like to record the Government's gratitude to Tim Burr, who has displayed impressive abilities as CAG. He deservedly commands the respect of the Government and all of us in the House as he guides and leads the organisation through this period of transition. We need the NAO to hold the Government to account, and he is tenacious in ensuring that that continues to happen.

As I have said on previous occasions, I believe that full and open financial transparency is an essential characteristic of a modern parliamentary democracy. The hon. Member for Putney said that when all the political rhetoric is settled, in the end the numbers remain. It helps us to interpret them if we get them in a timely fashion. The PAC, supported by the NAO, has been at the heart of the scrutiny process for an extremely long time. I think that the Committee as an entity goes all the way back to Gladstone—although I am obviously not referring to its present membership; we might feel quite old sometimes, but I hope that we never feel that old, collectively or individually.

I recognise and applaud the Committee's unfailing and challenging examination of the Government's use of the money that Parliament has voted to them. It undoubtedly aids parliamentary accountability. However, we cannot allow ourselves to sit on our laurels just because the Committee has existed for so long and is venerable; we have to keep looking into how we can modernise the way in which the system works. Our alignment project, which the Prime Minister announced in July 2007 in the Green Paper "The Governance of Britain" aimed to carry out that modernisation. When implemented, it will simplify and put in a more consistent format public spending plans, parliamentary Supply estimates and published resource accounts. In essence, that means that Parliament and the public will be able to compare apples with apples, and pears with pears, instead of apples with pears, or chalk with cheese.

I hope that the project will greatly facilitate a reasonable understanding of where money goes, how it flows through the system, where it was when Parliament voted on its use, and to what effect it was used. Members of Parliament, Select Committees, the public and commentators should be able to track departmental spending more easily, all the way from the planning and budgeting stages to the out-turn. The alignment project does not sound particularly exciting, but those of us who have seen how it will work when it is finished are excited by it, and I am sure that the Committee is, too.

As we said earlier, the Committee has managed to publish 30 reports since our last debate on the subject. It is exhausting just looking at them. We have had a flavour of them today. Those listening to our debates will appreciate the sheer breadth of the work that has been done. It is no mean achievement, and it clearly demonstrates the Committee's huge work load. I want to say a few words about the Committee's 44th report. The formal Treasury minute has not yet been presented to the House, but the report is about the roll-out of the Jobcentre Plus office network, which I was involved in when I was a Minister at the Department for Work and Pensions. It was heartening to read the Committee's report, and it is pleasing to know that when things go well, the Committee fully acknowledges the achievement.

I agree with the report that there are important lessons to learn from any transformation project, and certainly from the transformation of Jobcentre Plus from a decrepit and inefficient network of 1,500 offices scattered randomly around the country. As I recall, the furniture was bolted to the floor when I was first responsible for them. The offices have been changed into a high-quality, well-located network of 800 offices fit for the 21st century. Staff in the offices will have a very important job to do, given what has happened to unemployment figures in the past few months. The offices are now more efficient and are equipped to do that job, thanks to the effective transformation of that public sector service.

Mr. Bacon: I was just looking through my pile of papers, having forgotten the Minister's comment that the Treasury has not issued a minute on the report in question. The single most interesting aspect of that Jobcentre Plus report—this is reflected in its first recommendation—is that the three witnesses before us had, between them, 112 years of experience. Lesley Strathie, the then chief executive of Jobcentre Plus, and the other two witnesses had, between them, well over 100 years of experience. They started as clerical assistants, not fast-track administrative trainees. Are there not potentially huge lessons for Whitehall to learn from that, in light of what we have been saying about project management?

Angela Eagle: I would like to congratulate and commend Lesley Strathie, then chief executive of Jobcentre Plus, on the work that she and her team did to bring about that transformation. The hon. Gentleman makes a perfectly reasonable point. I always found, when I was a Minister in the Department for Work and Pensions, that stress-testing reforms with the people on the front line who use the systems, and getting their feedback on what I was trying to do, was far better than any number of consultants' reports, glossy though they may be. Consultants were completely unused to the experience of using and administering the system daily. Lesley Strathie and her team clearly learned that lesson when they were undertaking the transformation. I thank the Public Accounts Committee for giving credit where credit is due, because it is important that credit is given, as well as honest criticism.

Mr. Touhig: That was an exceptionally good report, and Jobcentre Plus made a huge difference; the staff have been empowered, and their whole attitude is completely different. Is not the report something that the Government should send to every permanent secretary in Whitehall, saying, "If they can do it, you can do it"?

Angela Eagle: I suspect that if we sent an e-mail to every permanent secretary and asked them to look at the report, that would be a better way of doing it, and I certainly undertake to draw it to their attention.

[Angela Eagle]

I understand the irritation of the Committee and its Chairman at the publication in February by the Department for Transport of revised vehicle excise duty evasion estimates for 2007, which indicated that evasion was much lower than cited in the PAC's fifth report published a month earlier. I am very sorry that the subsequent publication of a Treasury minute, made in error, compounded an unfortunate series of events. That sounds like a film or a book, but it is something that Committee members and the NAO had to put up with. I hope that Members accept that at no time did the Government seek to mislead or somehow embarrass the Committee. Lessons have been learned from that experience, and we will strive to avoid a recurrence of such an episode.

We should after all rejoice that following the introduction of an automated number plate recognition system, evasion of vehicle excise duty, with its implications for accurate licensing information and the detection of crime and public revenue, is at a low level, which is something we all welcome. People who see the police using that information to great effect, as I have in my local area, to prevent further crime, know how important it is to have accuracy.

The PAC has expressed continuing interest in the private finance initiative, and its recommendations and reports on the matter are invaluable. Hon. Members have helped us to review, reflect and revise our views. The Committee has added value by choosing a wide and useful range of topics over the years. It has helped us assess and analyse the risks in infrastructure projects, and improve the means of procurement and efficiency. We look forward to continuing that fruitful dialogue as we extend the range of approaches to complex procurement, always seeking best value for money for the taxpayer.

The PAC's recent recommendations in its September report, "HM Treasury: Making changes in operational PFI projects", were welcomed by the Treasury. I was pleased that the Committee endorsed recent Treasury guidance that will help to ensure that value for money is obtained when changes are made, and that it has also endorsed the roll-out of training programmes to support contract management. Before I conclude, may I touch on the concerns expressed by the hon. Member for Gainsborough about the apparent largesse of space at the Treasury, which I have addressed in a separate note outwith my speech? Finally, may I repeat my gratitude for the hard work of the PAC and the National Audit Office, which ably supports it. Together, they make a major and lasting contribution to the performance and delivery of public services across the United Kingdom, and they keep the Government and public servants on their toes. Their work will continue to be as effective as it has always been, and I look forward to working with them in future and, if circumstances allow—one never knows—to other occasions such as this.

4.34 pm

Mr. Leigh: It is a pleasure briefly to thank everyone who has taken part this afternoon. I thank the right hon. Member for Islwyn (Mr. Touhig), who made the first speech in the general debate, and initiated an interesting theme to which we have returned several times and to which the Committee, too, may have to return. Why do civil servants not take responsibility? Are we rewarding them enough for success? Are we sacking those who fail? Of course, they are never sacked. The theme was taken up by the hon. Member for Southport (Dr. Pugh).

I am divided in my own mind about these matters. One part of me is rather old-fashioned—perhaps old Labour. I support the traditional concept of the British civil service as incorruptible, with staff remaining in it all their lives, and as not having a great interface with the private sector, which can cause many problems. So part of me is old Labour and part of me is old Conservative, in that I recognise the importance of financial inducements in promoting productivity. That is why we now have bonuses in the civil service. "Bonus" is almost a swear word because of what is happening in the banking sector, but we have to get it right.

If ever there were to be a change of Government, I know that the new Government would place great emphasis on saving money. If we are to save money in this respect, there must be inducements for the civil service. The Government have already tried it. It is a difficult area, but with the help of the National Audit Office, the Committee would be well placed to try, in a completely non-partisan way, to understand what is going on inside the civil service and how we are promoting efficiency.

That point was taken up by the third speaker this afternoon, my hon. Friend the Member for South Norfolk (Mr. Bacon). On the door of the Chairman's office, there is the word "Assiduity". That applies to my hon. Friend more than to any other member. He is incredibly assiduous. He had a first in the debate: he was the first Member, as far as I know, to refer to the words of Mr. Crapper without its being taken up by the Chair. That will no doubt be noted in "Erskine May" as a new form of insult.

Angela Eagle: I can tell the House that when I was a Minister at the Department of the Environment, Transport and the Regions, I had a debate on the thing that Mr. Crapper produced. I refer to toilet flushes, not what hon. Members might be thinking. So that has featured on the Floor of the House before.

Mr. Leigh: I apologise; it was not a first for my hon. Friend the Member for South Norfolk.

I thank my hon. Friend the Member for Henley (John Howell), who is a new Member of our House. He is not a member of the Committee. There is a grave danger that these debates become a Committee love-in and we all just slap each other on the back. We welcome him coming in from outside, with his private sector experience. He spoke with great knowledge about the value of shared services, which is not a sexy subject. I am not sure that his predecessor as the hon. Member for Henley would have been very interested, but it is an important subject and huge savings can be made.

As usual, we much enjoyed the speech of the hon. Member for Great Grimsby (Mr. Mitchell), as we greatly enjoy him as a member of the Committee. He lightens the atmosphere so often with his biting tongue. He took us to task for not having the bite of congressional committees and seemed to suggest that we could get more publicity for our hearings and our reports. That is an extremely difficult tightrope to tread. We cannot be partisan. We cannot, and I never do, attack Ministers. We must be consensual and take the whole Committee

with us, but despite all that our reports are hard-hitting and we get to the heart of matters. It is a difficult balance to achieve.

I thank my hon. Friend the Member for Tiverton and Honiton (Angela Browning) for her comments and what she said about the importance of management information. I thank my hon. Friend the Member for Putney (Justine Greening) who, as an accountant, comes with a particular financial expertise. We are grateful for her remarks. She, too, referred to the problem that has been a theme of the debate: civil servants and whether they should say no. I think civil servants need to seek directions more. There is a procedure for that, and this is where the Public Accounts Committee is intimately involved. If a permanent secretary thinks a Minister is asking for something that is not financially viable, he can seek a direction. If he seeks a direction, it will come to our Committee. Permanent secretaries should be more willing to use that ultimate weapon. Civil servants must say "No, Minister" more often.

Lastly, I thank the Minister. It is such a joy; one sits through so many debates in which Ministers do not refer in any great detail to what has been said, but she took half an hour to refer to virtually every point that had been made. In particular, she was careful to reply to some of the points that I had made earlier. By the way, I do not think that it does any harm to share one's notes with the Minister before the debate, as I do—jaw, jaw is better than war, war after all. If a Minister is warned about what a spokesman is going to say, they will be more able to reply to the points, and this Minister does that extremely well.

I did not deal with the new governance in any great detail; we sorted that out through the Public Accounts Commission, and the National Audit Office now has a robust new governance. I now have a difficult job. Under the statute, the Prime Minister and the Chairman of the Public Accounts Committee have to appoint the Comptroller and Auditor General. That is a wise procedure; by definition, the Prime Minister is a member of the Government and by definition the Chairman of the PAC is a member of the Opposition.

We are now starting the process and trying to carry it out in a completely modern and open way. The old days, when such things were done in private and some senior civil servant was just tapped on the shoulder, are not with us any more. A very well regarded firm of head-hunters has been approached and advertisements have been placed in the newspapers. Anybody from the private or public sectors can apply. There will be a very small appointments committee; obviously, I will sit on it. The Prime Minister, who has other things on his mind, will be represented by the permanent secretary to the Treasury. We will be advised by Tim Burr, who has intimated to me that he does not wish to apply for the permanent role of Comptroller and Auditor General.

I have said all that because the appointment will almost certainly be made before our next debate. I assure the House that I consider my new duty to be one of the most important that I have had to undertake during my time at the House of Commons. The man or woman who is the new Comptroller and Auditor General will have one term only, for a maximum of 10 years; after that, they will not be able to return to the public sector or any part of the private sector with which they have dealt. They will be unsackable for 10 years and nobody will be able to influence them. There is no more important job than that of the Comptroller and Auditor General in ensuring financial and general accountability. I hope that we get it right and I ask for hon. Members' support as we try to do so. We will do our best.

Finally, I thank the Minister for what she said about the financial alignment project, which sounds boring but is unbelievably important. As every *Hansard* report shows, there is no doubt that we have one of the best audit systems in the world; however, we also have one of the weakest Budget systems in the world. We have a strong National Audit Office. Some of us have studied supreme audit offices around the world, and I am not sure how we could do things much better in respect of considering what has gone wrong in the past. As the hon. Member for Great Grimsby said, one of the problems with our work is that we often look at things too much in the past.

I have tried to speed the whole process up to ensure that the National Audit Office works quicker, reports come to us quicker and we report quicker. The system works pretty well, but we have a very weak Budget system. One reason for that is that it is virtually impossible for Members of Parliament to understand the process. It is all much easier and better done in the United States Congress, where the President proposes a Budget through the Office of Budget and Management. It goes to Congress, and what emerges at the other end bears no relation to what the President has proposed. The President proposes; Congress disposes.

We will never get to that situation in this House, because the Government are drawn from the legislature; we will never go down the congressional route and perhaps we never want to. However, we have to get a much more transparent system of considering the Budget. Through a sub-committee of the Liaison Committee, I have been working with the Chairman of the Treasury Committee, and we have been working with the Government, who should take a lot of credit for getting the whole process moving. That was their initiative and they should be congratulated on trying to bring more transparency to the whole Budget process.

As usual, we have had a good debate. We will carry on trying to do our job, and I commend the motion to the House.

Question put and agreed to.

Resolved,

That this House takes note of the 5th, the 8th, the 14th to the 29th, the 31st to the 35th, the 37th, the 38th, the 42nd and the 50th Reports and the 1st and 2nd Special Reports of the Committee of Public Accounts of Session 2007-08, and of the Treasury Minutes on these Reports (Cm 7366 and 7453).

Flooding (Morpeth)

Motion made, and Question proposed, That this House do now adjourn.—*[Chris Mole.]*

4.44 pm

Mr. Denis Murphy (Wansbeck) (Lab): I am grateful to the House for allowing me to discuss the very serious flooding that occurred in Morpeth over the weekend of 5 and 6 September. I am pleased to see the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) in his place. He introduced a similar debate in this House on Monday evening.

While other parts of the north-east of England were affected by the most intensive rainfall in living memory, the town of Morpeth was devastated. Morpeth has a population of about 19,000. It is located in the heart of Northumberland and lies in the valley of the River Wansbeck. It was a thriving market town and is the home of the administrative headquarters of Castle Morpeth borough council and Northumberland county council.

The first indications that anything was amiss came with a warning from the Environment Agency on the afternoon of 5 September that a flood watch would be issued for Morpeth and Ponteland from 1 am on Saturday 6 September. Early indications predicted an event similar to that which occurred in 2005. Although river levels were high and gave cause for serious concern in 2005, no properties were damaged. However, it became clear on the Saturday, following a period of unprecedented rainfall, which equated to three times the monthly average falling in just 48 hours, that a very dramatic event was unfolding. From 8 o'clock on the Saturday morning, the water levels were already much higher than in the 2005 event, and torrential rain was still falling with no signs of abatement. Indeed, from 9 am, the pleasure boats that were moored in the River Wansbeck and should have played an important part in the subsequent evacuations were being overwhelmed and were sinking. Staff from Castle Morpeth council were fully stretched in closing off roads and attempting to sandbag vulnerable areas. The whole of Northumberland was awash. Villages were being cut off and numerous roads were closed.

The emergency services were at full stretch. At 12 noon on Saturday, Gold Command was called and 15 minutes later the first evacuations started. The rescue helicopter from RAF Bulmer, the RNLI, the fire and rescue services from Northumberland and Tyne and Wear, the police, council staff and residents worked throughout the day and night to ensure that everyone was rescued. There was no loss of life. This was due in the main to the skill and dedication of all the people I have mentioned, but also to the spirit and courage of a number of friends and neighbours who acted quickly to evacuate the most vulnerable to places of safety.

The Environment Agency played an important role in the early flood warning system. For the majority of those registered under the scheme, it worked very well. Five hundred and twenty three homes were contacted with a warning. For the residents of the Middle Greens area of Morpeth, it did not work at all. There are more than 300 homes in that area, which is situated next to the river. Of those, 198 homes were registered under the scheme, but for them the system failed completely. I have met the Environment Agency's new chairman Lord Smith and Ian Hodge from the region, who inform me that they have changed their procedure. The previous system divided Morpeth into a number of separate areas and issued warnings depending on the perceived risk. Middle Greens' warning was not physically activated by an operator. In the light of that mistake, they have taken action to ensure that that will never happen again. In future, all the registered areas in Morpeth will receive the same warning at the same time.

The flood damage to Morpeth was extensive and devastating, with 1,012 properties affected—913 residential and 89 commercial. A total of 714 were privately owned, and of those 562 were seriously affected. Of those seriously affected, more than 300 households are currently displaced, and that number is rising daily. There are more than 30 properties where drying has not even commenced. Some 172 properties are owned by registered social landlords, and of those 150 are seriously affected. A total of 90 households are currently displaced, but it is accepted that that number will rise to 150. Tragically, of those numbers, 112 households are known to have no insurance cover at all.

Among the worst affected buildings were essential community assets, such as the ambulance station, a large doctor's surgery, the library and the leisure centre. It is to the great credit of Castle Morpeth borough council that on Sunday morning, as soon as the water levels began to drop, it started the physical clean-up. On the same day, Gold Command handed over the ongoing work to Castle Morpeth. It set up the Castle Morpeth community recovery and restoration group, which has since adopted the name Springboard. It is a multi-agency partnership and it has been set up to assist the affected community, and to manage its recovery and restoration.

Drawing on the experience of other severely affected flood areas is of prime concern to the partnership. Best practice has been the driving force. Ascertaining that everyone in the affected area was safe and well was done without the need to affect forced entry into any of the properties. Morpeth now faces huge challenges. Many of the shops remain closed for restoration work, which is affecting those businesses that are still trading. Many are struggling to survive at present, and are eager to get the message out that Morpeth is still open for business.

To compound the problem, car parking is becoming increasingly problematic. The residential streets are narrow and easily congested. A loss of car parking owing to flood-related issues is further compounded by a massive increase in builders' vehicles and skips. That in turn is acting against efforts to attract additional footfall into the town to support the existing retail trade.

Homelessness is expected to rise. About 400 households are currently displaced, and many of those people are staying with family and friends. From experience elsewhere, I know that that is unsustainable in the long term. The supply of temporary and emergency accommodation is virtually exhausted. Long-term contingencies are urgently required and I look to the Government to assist in the funding of those contingencies.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I am sure that the hon. Gentleman has seen, as I have done, the amazing work being done by voluntary organisations and public authorities, working together in providing continuing services to the people most affected. I have found the amount of extra effort put in by staff members and volunteers very impressive, and I am sure that he has too.

Mr. Murphy: I thank the right hon. Gentleman for that intervention. I agree with him, and it is a subject I intend to tackle in more detail later. I have been hugely impressed by the voluntary sector and council officials in Morpeth.

Apart from the long-term contingencies, there is an increasing need for emotional and psychological support, which will have an even greater impact as people are unable to return to their homes for Christmas. It is important that the agencies responsible are able to identify and respond effectively to a need once it is identified. Additionally, there is a need to lift morale throughout the period of recovery. I am delighted to say that there appears to be no increase in criminal activity. However, there is genuine concern that household possessions kept on the first floors of houses in housing estates that are virtually deserted overnight could be at risk. The police are currently providing additional patrols in the affected areas, and I ask the Minister to press for the continuation of these much-needed patrols.

I mentioned earlier the large number of properties that were not insured. Flood damage repair and renovation to an insured property could be severely compromised if it is adjoining an uninsured property with similar levels of severe damage. There is no doubt that severe financial hardship is being experienced by everyone affected by the flooding, but especially those people who are not insured.

Unfortunately, many of the main public buildings were badly affected by flood damage. Morpeth library was immensely popular and well used by many residents. So severe was the damage that it will probably have to be demolished. It is therefore essential that a new library is built as soon as possible. The leisure centre suffered similar damage, but no decision has yet been made about its future. However, one thing is certain: it will be closed for a long time. The same applies to the doctors' surgery and the ambulance station.

I have tried to outline briefly the extensive damage that the huge flood did to the town of Morpeth. I am here to seek Government support to help to rebuild the town and, more important, to ensure that we do everything possible to prevent a similar occurrence.

The Environment Agency has been heavily criticised for its failure to warn the residents of Middle Greens of the impending flood. That criticism was fully justified, but we need to ensure that the early warning system never fails again. The agency has assured me that the changes it has introduced will guarantee that everyone is informed in future. I also urge residents who are not registered to register now—it is a free service.

I have met the agency's new chairman Lord Smith to press for early implementation of a new flood defence scheme for Morpeth. He has agreed to visit Morpeth in the next few weeks and he is keen to move forward quickly with the scheme.

The economic assessment is almost complete, and it is intended to consult the people of Morpeth on the options available no later than next January. The agency intends to run several items in parallel to enable it to commence the scheme several months earlier than originally planned. I am delighted to say that funding no longer appears to be a problem.

In the next few weeks, work will commence on rebuilding a much stronger flood wall to replace the one damaged near the library. Urgent structural assessments will take place of all the various flood defences in the town and of the damaged weir at Highford. The agency is also considering my request, which residents affected by the floods put to me, to begin river bed dredging and clearance. There is a strong economic case for the scheme, which could bring huge investment to Morpeth.

A new flood defence scheme would release valuable riverside land for redevelopment to complement the current town centre development. A new health centre, providing state-of-the-art diagnostics and treatment, has been under discussion for more than two years. We should accelerate that development and include a new library on the site. If it proves necessary to demolish the leisure centre, consideration should be given to building a new one, perhaps on a new site. There are many other options—I merely make the point that enormous opportunity exists for the town and we need to maximise it.

While local business and commerce has been badly affected, 1,000 properties require extensive building works, new furniture and decoration. At a time of building slump, that could help many local businesses. I hope that people source those services locally, and of course we must endeavour to keep out the cowboy builders.

I was impressed with the Government response during and immediately after the flooding. I was contacted by the duty Minister—the then Minister for the Environment, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas)—from 10 Downing street at 9 pm on the Saturday evening to warn me that Morpeth had been badly flooded. I was on holiday in Dorset and I returned home immediately. On Sunday morning, I was called again, this time by the Secretary of State for the Environment, Food and Rural Affairs, my right hon. Friend the Member for Leeds, Central (Hilary Benn), who inquired about the extent of the damage and sent his best wishes to the people of Morpeth. I spoke to him and the Minister responsible for flood recovery, my hon. Friend the Member for Wentworth (John Healey), who said that he wished to visit. He did so the next day. The people of Morpeth also received a much-needed boost in the form of a royal visit by Prince Charles and his wife. They were accompanied by the Minister for the North East of England, my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), whom I am delighted to see in his place today. He has done a great deal to help me and the people of Morpeth. By any standards, it was a great response.

I hope that my right hon. Friend the Minister will, in her response to the debate, show the same concern for Morpeth and assist its speedy recovery. Morpeth needs urgent funding in the form of Bellwin. It also needs another £600,000 to try to assist the local authority with the expenditure that it has already incurred. I will provide my right hon. Friend with the detailed breakdown of that expenditure.

Castle Morpeth council is a very small local authority; its chief executive Ken Dunbar, his deputy Trevor Walker and all its employees have performed remarkably. They are conducting an inquiry into the flood, and it is essential that all agencies co-operate with it. Their hard work, skill and dedication have been exemplary. They deserve our thanks and recognition for their excellent

[Mr. Denis Murphy]

work during the flooding and for their ongoing work since then. I urge my right hon. Friend the Minister to ensure that the necessary funding is in place for them to continue it.

The voluntary sector also performed exceptionally well. The Red Cross has been invaluable, as have the Lions and the Rotary club, which are raising a large sum of money to assist flood victims. The citizens advice bureau is under increasing strain, but understandably has to deal with many more cases. I request that the Government make a direct donation to the voluntary services in and around Morpeth to enable them and others to continue helping the people of the area.

In conclusion, the events at Morpeth on that terrible September weekend were both dramatic and dangerous. That no lives were lost is down to the skill and dedication of the emergency services and of many Morpeth residents—and, of course, some good luck. The Environment Agency's decision to commence an early flood defence system means that it will probably not happen again. Morpeth needs all the help the Government can provide to help with rebuilding and regeneration. I hope that the Minister will confirm in her reply that that help will be made available.

5.2 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): I congratulate my hon. Friend the Member for Wansbeck (Mr. Murphy) on securing this debate. We had an interesting and useful debate on Monday night on the wider issue of flooding in Northumberland, which was inspired by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). I apologise to those Members who were present—including my hon. Friend the Member for Wansbeck and, indeed, the Minister for the North East, my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown)—in that some of what I say today may be a little familiar. It is important to reinforce some of the important points.

It may be worth saying that over the last 40 years, Morpeth has grown rapidly, with about 1,000 properties estimated to be at risk of a one-in-100-year event. Current standards of protection vary for different parts of Morpeth and the Environment Agency estimates the average protection at about 60 years. Several studies of the River Wansbeck flooding have been carried out, the most recent of which is the Wansbeck strategy study. My hon. Friend referred to it and I will return to it in a few minutes.

The Northumbria regional flood defence committee provided funding through the local levy to carry out investigations in Morpeth further to understand the flood risk and to establish whether any quick wins could be developed. As the scope of the local area project has been developed in 2007, additional flood defence grant-in-aid funding became available and the project transferred to that funding stream.

As I described on Monday, the circumstances arising between Friday 5 and Sunday 7 September affected most of England, but the most serious consequences were felt in the north-east, with the constituency of Wansbeck and the town of Morpeth in Northumberland being most affected. I applaud my hon. Friend for the strenuous lengths he went to to draw the issue to the attention of Ministers, albeit that we were first alerted by my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas). I know that my hon. Friend the Member for Wansbeck spoke personally to the Prime Minister about the impact of these events on Morpeth and he also secured a visit by the Minister for Local Government.

I thus congratulate my hon. Friend again on the efforts he has already made, as well as on today's debate and the various suggestions and requests that he has made. The issues that he—and, indeed, the right hon. Member for Berwick-upon-Tweed—raised today will be studied in detail and given careful thought and consideration by me and my ministerial colleagues as we consider how the Government should respond to the experiences of Morpeth.

I also described on Monday how the severe rainfall that caused the flooding was first identified as a potential threat a number of days before the actual event itself. By Wednesday 3 September, the Environment Agency and the Met Office began to track the low pressure system and potential rainfall. By Thursday, they were beginning preparations in case of serious flooding. Heavy rainfall early warnings were issued for the north-east of England, and flash flood warnings were sent out across many further parts of the country on the Friday. Through the early warning system and the new and improved working arrangements between the Environment Agency and the Met Office, warnings were issued to alert local authorities and the emergency services, and preparations were made to prepare vulnerable people and areas.

My hon. Friend drew attention to the incredibly heavy rainfall that affected the north-east, with 150 mm of rain—6 inches—falling on to already saturated ground and full river catchments over 48 hours. The average monthly rainfall for that time of year is 50 mm, or 2 inches. I am afraid that I always convert metric measures to imperial in my head. In fact, according to the Environment Agency, the flooding that occurred was estimated to be a one-in-150-years event.

At the time—and since—a great deal of attention rightly focused on Morpeth, where the first flood watch alert was issued at 3.30 on Saturday morning, with warnings escalating throughout the day. I described that during Monday's debate. My hon. Friend mentioned the flood warnings. For the purpose of the Environment Agency's flood warning system, Morpeth is divided into five areas. Four warnings were issued. The severe flood warning intended for the Middle Greens area was issued as a downgrade at 12.49 pm. The residents would not have received that information: it went to professional partners only. A downgrade is normally issued when the Environment Agency believes that waters are receding and there is a settled outlook. Although the residents did not receive the level of flood warning service that the Environment Agency expects to offer, they were engaged in constant dialogue with the agency's professional partners, and the evacuation from Middle Greens was not compromised.

Mr. Murphy: I do not entirely agree with the Environment Agency's statement that the evacuation was not compromised. Had it not been for neighbours and

friends in the area, a number of disabled people could not have been moved out. That happened long before the emergency services arrived. The problem was compounded by the fact that two burns burst their banks, which prevented the emergency services from getting in. Although I accept most of the points made by the Environment Agency, I am afraid that on that occasion it was wrong.

Jane Kennedy: It is the purpose of debates such as this to allow precisely that sort of representation to be made. I know that the Environment Agency will want to learn lessons, and indeed has already learned lessons, from the experience of Morpeth in September. It is trying to find ways of making the system more resilient, including rationalising warnings so that the whole town receives the same warning should such warnings ever need to be issued again. It is also instituting additional checks to ensure that the mistakes made in Morpeth are not repeated. It has apologised for the errors, and reaffirmed that although the warnings were not received as planned, it was in constant dialogue. It clearly believes that the evacuation was not compromised, but as my hon. Friend rightly pointed out, the residents of Middle Greens are very grateful indeed for the actions of their neighbours, to whom I pay tribute for their swiftness in rising to the challenge.

In Morpeth, approximately 1,000 homes and businesses were affected by the flooding, and around 250 families were looked after in rescue centres. As my hon. Friend said, and as I said on Monday, the evacuation of Morpeth was successful. As I acknowledged on Monday, flooding of homes and businesses is always devastating for those affected, but such events will take place from time to time, despite the substantial increase in flood defence spending that the Government are implementing. I was pleased to hear my hon. Friend's description of ministerial readiness to respond to the events of that September weekend. I was also, therefore, pleased to hear of the success of the multi-agency approach, and that those involved showed what can be accomplished through strong partnership work. On Monday, I paid tribute to the emergency services for the excellent job they have done in dealing with the flooding events, and I know that that would be echoed on both sides of the House. The actions of many third-sector organisations following the flooding events has once again shown how our communities can pull together at difficult times. I hear what my hon. Friend has said about further financial assistance being needed by such organisations. Such matters will have to be considered while we await the full claim from Castle Morpeth for the Bellwin assistance.

In Northumberland, the local recovery and support operation is under way and will continue for some months yet. I am particularly grateful to all involved for having pulled together in the face of such challenges. I described the involvement of One NorthEast, the regional development agency, which has made more than £500,000 available to help with immediate costs for affected businesses, and my hon. Friend the Minister for Local Government has confirmed that the Bellwin scheme has been activated. Castle Morpeth has registered an intention to claim for Bellwin assistance and has been provided with the necessary information to help with a subsequent claim. The Department for Communities and Local Government awaits the details, and it is also expecting a request for an extension to the normal arrangements for reimbursement referred to by my hon. Friend, and it will consider that when it is received.

On Monday, I described some of the emergency works the Environment Agency is carrying out in the area. However, more important for the longer term is the initiation of the EA's flood alleviation scheme, which commenced in December 2007. The River Wansbeck strategy study determined that a stand-alone flood alleviation scheme should be progressed with in Morpeth, and an initial site investigation was carried out and an environmental assessment is under way. In addition, in partnership with the Northumberland Strategic Partnership, a detailed business case is being carried out to determine the impact of flooding on local businesses. The scheme is at the end of year one of its current four-year programme. However, the EA is exploring the possibility of an accelerated time scale for construction of the works. I am delighted to hear my hon. Friend's description of the EA's willingness to engage at a local level, listening to what local residents have to say about the EA's proposals. I commend that way of working, and I encourage the EA to continue down that path. I know that he will be quick to raise with me any concerns he might have should that approach begin to slip, and I will be very open to hearing them.

Although substantial flooding did occur in parts of the north-east at the beginning of September, it is important to remember the many flood defence systems that were not breached despite the very heavy rain. I referred to some of those in detail on Monday. The EA is responsible for maintaining and repairing flood defences, including the installation of temporary defences where needed. During the past year, it has inspected 180,000 assets and carried out work that now means that 95 per cent. are serviceable and will perform as designed during a flood event. The EA spent £377 million building and maintaining flood defences in England, as well as raising public awareness through greatly improved flood-mapping and warning systems.

Sir Alan Beith: When reassessments have taken place, there has tended to be an acceptance that more flooding of fields may help to save properties. Most people accept and understand that. However, will the Minister also accept that if that is done—and, effectively, that happened in parts of Northumberland—the burden on agricultural businesses becomes much more serious, and we may need to look at ways to help agriculture to cope with its taking the bigger impact of floods, instead of homes?

Jane Kennedy: I am very pleased that the right hon. Gentleman has made that point. I discussed that very issue with the president of the National Farmers Union this morning. It is very important that the Environment Agency considers all stakeholders and all those affected as the country wrestles with the problems of rising sea levels and the threat of high levels of ground water and the sort of inundations that we saw that weekend in September. He is absolutely right that if the water moves somewhere else, somebody else is affected—perhaps not their life and limb and their homes, but agricultural businesses are also very important and the impact of flooding on them needs to be taken into account. As a

[Jane Kennedy]

new Minister in this area, I intend to look into that and ensure that it is not discounted as we consider all the effects of flooding.

I have described the increased investment, and in recent years our experience of managing flood events has also increased. Last year, we immediately established an independent review of the lessons to be learned from the September 2007 flooding, led by Sir Michael Pitt. Sir Michael's final report was published on 25 June 2008 and includes 92 recommendations. The Government have already welcomed the report and announced initial allocations from the £34.5 million that the Department for Environment, Food and Rural Affairs has set aside for the next three years to take the recommendations forward. We will say more about our plans later this year, and I hope that a prioritised action plan will be produced—in the autumn, it says on my notes, but it feels as though we are near winter given the weather outside. It will certainly be produced shortly.

Over the past year, we have undertaken a vast amount of work to increase preparedness against future flooding, and we have taken on board the recommendations of Sir Michael Pitt's interim report on a diverse range of projects such as the encouragement of better surface water drainage, the exploration of resistance and resilience measures for householders in high-risk areas, the finalising of national guidance on multi-agency flood planning and many more.

An important aspect of our work is the production of a floods and water Bill, and a draft is planned for pre-legislative scrutiny, for which it is an excellent candidate. We propose that there will be consultation in 2009. It is our intention that the draft Bill will simplify and streamline the rather complex and perhaps outdated flood and coastal erosion risk management legislation, including on the interrelationship of the roles and responsibilities of, among others, the Environment Agency, local authorities, internal drainage boards, the Department and Ministers.

Although we will never be able to eradicate the threat of flooding, I remain confident that the events of September demonstrate the preparedness and professionalism of those charged with responding at national, regional and local level. I am confident that we are much better prepared today for the challenges that we will face in the coming months and years, although for those people whose homes and businesses were affected, we can have nothing but sympathy and a commitment to do more to help.

Question put and agreed to.

Adjourned accordingly at eighteen minutes past Five o'clock.

House of Commons

Monday 27 October 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Human Trafficking

1. **Mr. Anthony Steen** (Totnes) (Con): What assessment she has made of the steps necessary to be taken prior to ratification and implementation of the Council of Europe convention on action against trafficking in human beings; and what estimate she has made of the cost of such steps. [229769]

The Secretary of State for the Home Department (Jacqui Smith): Although we are largely compliant with the convention, some changes to legislation and procedures were required before ratification and, following a cross-government effort, the necessary legislation is now in place. The total additional economic costs to the UK of implementing the convention are estimated at approximately £16 million over three years. How that is calculated is outlined in our recently published impact assessment.

Mr. Steen: Given that only 10 of the 27 European Union countries have ratified the convention, when the Home Secretary ratifies it for us later this year, will she ensure that her approach is compassionate, thoughtful and caring towards the victims of trafficking? They have endured terrible problems and suffered tremendous trauma, and they need help in the form of psychological assistance, accommodation and a thoughtful country that understands the plight that they have been through. Many of them feel that this country wants to throw them out as quickly as it possibly can.

Jacqui Smith: The hon. Gentleman has done some fine work in raising this issue, and he rightly says that victims must be at the centre of our response, as is the case in our action plan. That is why we have announced the 45-day reflection period and the one-year temporary residence permit for victims—both measures exceed the minimum standard outlined in the convention. It is precisely why an important role of Pentameter 2—the enforcement programme—is to identify the best process for dealing with victims, and it is also why we have made additional support available to those who work with victims.

Margaret Moran (Luton, South) (Lab): When my right hon. Friend considers the steps necessary to implement the convention, will she consider action against child trafficking? Will she reflect on the fact that, in many instances, children who are trafficked into this country disappear from social services' care within 48 hours? It appears that problems associated with internal data sharing in health and education bodies and social services are leading to a lack of protection for our children. Will she urgently look at this nationally and internationally?

Jacqui Smith: My hon. Friend raises an important point. We are very concerned that some children whom we suspect have been trafficked go missing from local authority care. That is why we welcomed the additional support of the National Society for the Prevention of Cruelty to Children, which, with our support and that of Comic Relief, is running a 24-hour advice line for practitioners. It is also why, last year, we published multi-agency guidance to all front-line staff on how trafficked children can be identified and safeguarded, and why we need to build on the work of the "Young Runaways Action Plan" published on 16 June. I assure her that we will continue to raise these issues across Europe and internationally when we have the opportunity to do so.

Mr. Andrew Pelling (Croydon, Central) (Ind): Newsquest took the lead in removing sex industry adverts from its local newspapers, recognising that such adverts support a lot of this human trafficking. What can be done to encourage other news organisations to encourage their local newspapers to follow such a good example, particularly when advertising revenue is falling? Newsquest really took the lead on this issue.

Jacqui Smith: The hon. Gentleman raises an important point. My hon. Friend the police Minister and my right hon. and learned Friend the Minister for Women and Equality met the Newspaper Society precisely to try to encourage newspapers not to carry the sorts of adverts that promote and expect a demand for women who have been trafficked into this country. Such a demand is abhorrent, and should not be advertised.

Andrew Mackinlay (Thurrock) (Lab): Will the Secretary of State have a publicity campaign to encourage people who came to the United Kingdom as children and were used in this country as slaves—modern-day Cinderellas—in their adolescence and childhood to be aware that when, or if, they are able to escape bondage, there is a special place to which they can report that will help to detect those who perpetrated these things against them and who continue to do such things today?

Jacqui Smith: My hon. Friend raises an important point. One of the reasons for setting up and funding the UK Human Trafficking Centre, which has already run some important publicity campaigns and provided fundamental support to police and others for whom this should be mainstream business, was to examine how we can help victims to be confident about coming forward and to recognise that when they do so, they will receive support from the police and others, not only for themselves, but in order to identify and bring to justice the perpetrators.

Mr. Nigel Evans (Ribble Valley) (Con): It is estimated that 43 per cent. of those people who are trafficked end up being sexually exploited. What guidance has the Secretary of State given the police to ensure that such people are properly protected? What more can be done to bring to justice those heinous thugs who are responsible for this modern, 21st century enslavement of people in this country?

Jacqui Smith: The Pentameter 2 enforcement campaign was important because it enabled the police and those supporting victims not only to rescue them, as is very important—167 people were rescued as part of that campaign—but to identify how we could provide support for them. I agree that we need to bring people to justice, and that is why I am pleased that we have so far achieved 90 convictions for trafficking under the legislation that we introduced. I hope that we will see more convictions in the future.

Antisocial Behaviour

2. **Laura Moffatt** (Crawley) (Lab): What recent assessment she has made of measures intended to address antisocial behaviour. [229770]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): There have been three independent reports in the last three years—by the Home Affairs Committee, the Audit Commission and the National Audit Office. The NAO report found that antisocial behaviour orders work, and that two thirds of people behaving antisocially stop after the first intervention, rising to more than nine out of 10 by the third intervention.

Laura Moffatt: I am delighted to be the first to put a question to my hon. Friend the Minister. I wish him the best of luck in the future.

For the first time, the residents of Black Dog walk in my constituency will have a peaceful time because a person who has been harassing them is now, after three antisocial behaviour orders, in prison. Through the ASBO process, how can we further protect those residents when that person is released?

Mr. Campbell: I know that my hon. Friend takes such matters very seriously, and so do we. Any breach of an ASBO says more about the individual than it says about the law itself. If someone breaches an ASBO, it should be clear that they could face a custodial sentence, as happened in this case. I am sure that my hon. Friend's constituents welcome the measures that have been taken and will welcome such measures in the future.

Sir Nicholas Winterton (Macclesfield) (Con): I am sure that the Minister would agree that antisocial behaviour is a serious matter to many law-abiding citizens. Could we not treat it more harshly—and transparently harshly—by making offenders, especially young ones, undertake community projects such as removing graffiti and chewing gum, and picking up litter from the streets? In that way, they could help to put right the wrong done to, and improve, the community in which they live. Let us treat such behaviour more seriously, and more transparently seriously.

Mr. Campbell: We do treat it seriously, which is why we have a range of measures in place, not only ASBOs, but a range of powers available to the police and local authorities. The hon. Gentleman raises several important issues, not least of which is community payback. We are seeking to extend its use, so that the community can actually see the punishment and the tough action taken against offenders.

Mr. Don Touhig (Islwyn) (Lab/Co-op): I too welcome my hon. Friend to the Dispatch Box for the first time. I know that he will do a first class job as a Minister.

Up to 400 car cruisers occupy the Asda car park in Blackwood in my constituency on a Thursday evening. The police have used dispersal orders to try to break up the gathering, but it still takes place. If I had my way, I would seize the cars and put them in a crusher. Will my hon. Friend agree to meet me to discuss my modest suggestion and ways in which we can bring to an end this antisocial menace that causes grief to my constituents?

Mr. Campbell: Even the Minister of State, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas) hopes that my right hon. Friend would want to take the drivers out before crushing the cars. *[Laughter.]* A range of measures is available, and we would encourage the police and the local authority to ensure that all those powers are not only available, but used. Of course I would be willing to meet my right hon. Friend to discuss this important matter.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): What does the Minister believe might be the consequences for antisocial behaviour of the recent fashion among some local authorities, my own included, to turn off street lights in the middle of the night?

Mr. Campbell: I would have thought that if a local authority were taking such steps, it would have reason to do so. Local authorities would need to demonstrate that such action would not have a detrimental effect on the level of crime or antisocial behaviour in that area. I hope that they would take such issues into account.

David Wright (Telford) (Lab): The drinking of alcohol in the street leads to antisocial behaviour. What research has been undertaken into the effectiveness of street drinking bans in local communities, and will he support my campaign for such bans in towns such as Dawley, Oakengates and Madeley in Telford?

Mr. Campbell: I know that my hon. Friend takes this matter very seriously. Of course, we want local authorities, including his, to take account of every power that is available. I do not think that anyone could complain that we had not made a range of powers available to local authorities. It is, of course, up to the local police and local authorities not only to take those powers into account but to show which one is most useful.

James Brokenshire (Hornchurch) (Con): When drinking banning orders were launched to curb drink-related antisocial behaviour, the then police Minister, the right hon. Member for Salford (Hazel Blears), said that they could have

"more impact on young people than many of the other things that we pass in the House."—*[Official Report*, 14 November 2005; Vol. 439, c. 723.]

However, three years later the current Minister has admitted that they still have not been brought into effect and that he will be taking stock of whether there is any need for them at all. Will the Minister confirm that drinking banning orders will be scrapped, and indicate what other measures he now considers to be unworkable, unnecessary or otherwise surplus to requirements?

Mr. Campbell: We are disappointed that local authorities and some police forces have not taken those powers into account and done something about them. We will be conducting a campaign in the near future, and I cannot give the hon. Gentleman the assurance that he is looking for that we intend to scrap the powers.

Kingsnorth Climate Camp

3. **Norman Baker** (Lewes) (LD): If she will investigate the policing of the Kingsnorth climate camp; and if she will make a statement. [229771]

The Minister of State, Home Department (Mr. Vernon Coaker): Tactics and strategy on policing major events such as the Kingsnorth climate camp are operational matters for the local chief officer.

Norman Baker: I regard myself as a supporter of the police, but I cannot condone what I witnessed when I arrived at Kingsnorth. I think that I was the first MP to do so. I witnessed unnecessarily aggressive policing, unprovoked violence against peaceful protestors, an extraordinary number of police on site and tactics such as confiscating toilet rolls, board games and clown costumes from what I saw to be peaceful demonstrators. In the light of what I saw, and of what other MPs witnessed, will the Minister arrange for an independent inquiry into the matter, conducted by either the Independent Police Complaints Commission or by a different police force?

Mr. Coaker: As the hon. Gentleman will know, the IPCC is available, as an independent body, to look into any complaints that are made about the police and the way in which they have conducted themselves. I hope that he has made the comments that he has made here to Kent police so that they can be investigated. If he feels that that process is unsatisfactory, he knows that it can then be taken to the IPCC. I would have thought that that would be the appropriate way forward. Notwithstanding the points that he has just made, 70 police officers were also hurt—although none seriously—at that protest.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my hon. Friend the Minister says, but I had a constituent and friend who was arrested at Kingsnorth for so-called "aggressively picking up litter", which puts an interesting connotation on what he was trying to do. That case, clearly, is ongoing, but will my hon. Friend at least consider the way in which these major demonstrations are handled and the way in which people who want to demonstrate peacefully about an issue about which they feel strongly have their rights secured? Will he also consider how to ensure that the police who have to control these demonstrations are protected? That did not necessarily work at Kingsnorth.

Mr. Coaker: It is absolutely right that people should have the right to go out and protest peacefully, whether they do so through climate change camps or any of the other demonstrations that we can think of. People in this country have a right to do that. However, it is also right that that should be done in a peaceful and proportionate way, according to the law. If my hon. Friend's constituent wishes to make a complaint, he should, as I said to the hon. Member for Lewes (Norman Baker), go to the police force concerned in the first instance. If that is not satisfactory, he should go to the IPCC. It is a difficult balance to strike, but I believe that, in this case, the police struck the correct balance.

David Howarth (Cambridge) (LD): I hope that the Minister will be able to confirm that despite what he said about injuries, no protestor has been convicted of any crime of violence at any of the climate camps. It is not just the IPCC that has jurisdiction over the matter, because the Government are offering to pay half the £5.9 million cost of policing. Given what the Minister has just said about peaceful protest, will he assure the House that every Government Department that has been in contact with the police over the policing of the climate camps has given absolute priority to the right of peaceful protest?

Mr. Coaker: I can only repeat that the right of peaceful protest in this country is absolute. The hon. Gentleman mentioned people being charged and so on; 100 people were arrested and, of those, 46 were charged with offences ranging from obstruction and public order offences to possession of a bladed weapon. Of course, the Government will consider representations made to them, but as I say, I think that police have acted appropriately and proportionately in this case.

National DNA Database

4. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What her latest estimate is of the number of people without criminal convictions whose records are stored on the national DNA database. [229772]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): There are about 857,000 people on the national DNA database who do not have a current criminal record on the police national computer, but that figure includes those who have been convicted and had their records deleted and those for whom proceedings are still ongoing, as well as those who have never been convicted.

Mr. Carmichael: The Minister will be aware that two people in the latter category—S, a juvenile, and Michael Marper—have a case that is being considered by the European Court of Human Rights. Will the Minister confirm that, if their case is successful, he will take steps to delete immediately the records of everybody who falls into that category and will not leave it to people to apply for such deletions to be made?

Mr. Campbell: Obviously, we will consider what actions would have to be taken in that situation, but we believe that we have a strong case and that no breach of article 8 of the European convention on human rights is taking place. We believe that there is the right balance

between rights and public safety in the system that we operate. We are also clear that the DNA database is an important tool to help police detect crime, and we have no intention of doing anything to undermine their work.

Mr. Gordon Prentice (Pendle) (Lab): Scandalously, 100,000 children who have never been convicted of any offence are on the DNA database. What about people who work with children, and who have never been convicted of a crime, but who are on the DNA database and find their future employment prospects blighted?

Mr. Campbell: Yes, it is the case that some young people can be on the database if they have been arrested and their DNA and fingerprints have been taken. Those under 10 in England and Wales could be on the database because consent was given by their parent or guardian. On employment, what my hon. Friend says would not be the case. The information to which he refers is not held on the DNA database, and a future employer could not use it to discriminate against a future employee.

Jeremy Wright (Rugby and Kenilworth) (Con): Does the Minister agree that if there is a good argument for the retention of DNA samples in the circumstances that we are describing, it would be far better for the Government to make the argument for a comprehensive DNA database straightforwardly to the House and the wider public, so that we could debate the merits of the proposal? If he is looking for an opportunity for such a debate, I notice in the Order Paper that there is a chance for a general debate on a home affairs related topic next Thursday.

Mr. Campbell: The Government have no plans to bring forward such a database, not least because of the cost that that would involve. The hon. Gentleman talks about making a strong case; let me make a strong case to him. In the past year, the DNA database has helped to detect the criminals involved in more than 83 homicide cases, 184 rapes and 7,000 burglaries—that is a strong case.

Anne Snelgrove (South Swindon) (Lab): My hon. Friend will be aware of the difficulty of securing convictions in rape cases, to which he alluded. Will he reassure me, my constituents and the victims of rape crimes—there were 540 such victims last year—that the DNA database will continue, and will continue to be successful in solving rape crimes and other crimes?

Mr. Campbell: I can give my hon. Friend that assurance.

UK Border Agency

5. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What recent assessment she has made of the performance of the UK Border Agency against its objectives. [229773]

The Minister of State, Home Department (Mr. Phil Woolas): We are delivering the biggest shake-up of border security for a generation, and we are already seeing the results. The agency—a new single border force that combines the Border and Immigration Agency, UKvisas and Customs at the border—sees 25,000 staff working across 135 countries. Already, thousands of illegal migrants have been barred from entering Britain, while millions of pounds-worth of dangerous drugs have been removed from our streets.

Mr. Hands: May I begin by welcoming the Minister to his new position? One of his first acts in his new job was to write to me about the immigration status of Hammersmith resident Hany Youssef, who has been given discretionary leave to remain, despite the fact that the Home Office itself says that he appears on the United Nations list of those belonging to or associated with the al-Qaeda organisation. Can the Minister tell us why he has been given discretionary leave to remain? What reassurance can he give my other Hammersmith constituents who are, understandably, very concerned?

Mr. Woolas: The hon. Gentleman has raised the issue on a number of occasions and, of course, he is right to do so. My letter goes into some detail about the law and the rationale behind that decision, but let me give him the reassurance that he seeks. The measures that are being put in place to control our borders, to count people in and count people out using the e-borders system, and the introduction later this year of identity cards with fingerprint data on them will mean that we have the strongest and most secure borders for many, many a year.

Mrs. Ann Cryer (Keighley) (Lab): Can my hon. Friend assure me that the agency and posts abroad are prepared to implement the new immigration regulations that come into force later this year? I am thinking specifically of the increase in age from 18 to 21 for spouse visas.

Mr. Woolas: This gives me an opportunity to thank my hon. Friend for bravely campaigning on the matter, along with others, over a number of years. I can give her that assurance. It is in the best interests of this country, of our community and of the individuals.

Patrick Mercer (Newark) (Con): I welcome the shake-up to our border security that the Minister spoke about earlier. Can he tell me how many illegal immigrants we have got rid of in the first 12 months and how many he thinks remain and need to be got rid of?

Mr. Woolas: The hon. Gentleman is right to imply that it is illegal immigration that most concerns the public. That is why I am pleased to be able to report to the House that the successes that have been achieved mean that we are now stopping one illegal immigrant every eight minutes. On the issue of foreign national prisoners, the figures have improved as well. Since April, when the agency came into being—*[Interruption.]* Those on the Opposition Front Bench are chuntering away because they do not like the facts. Facts are very stubborn things, and the facts are that we are getting illegal immigrants out of the country more quickly than we did before.

Mr. Frank Field (Birkenhead) (Lab): Does the Minister accept that as the country goes into recession, the defence of our borders becomes more, not less, important? As skilled workers are laid off in our constituencies, what changes to the points system will the Government make to ensure that those workers get first chance for any vacancies, rather than those vacancies being filled by workers coming in from abroad?

Mr. Woolas: The Government are doing everything they can to mitigate the effects of the global economic downturn, but my right hon. Friend is right to point out that the British public will want to see that all is being done so that vacancies and shortages can be filled by people from our country. The points-based system allows us to look at the skills shortages. I am pleased to say that Professor Metcalf and his advisory committee have submitted their report. We are considering that report and, as my right hon. Friend implies, we have the possibility to change criteria to help those jobs go to where we want them to go.

Damian Green (Ashford) (Con): The biggest task for the Border Agency is indeed the implementation of the points-based system, so can the Minister confirm, first, that the only group covered by the points-based system and not covered by our proposed annual limit are foreign students; secondly, that he told the House last week that he would take no steps to cut the number of foreign students; and thirdly and consequently, that the claims that he repeatedly makes that the points-based system will be more wide ranging than our proposed limit are entirely bogus?

Mr. Woolas: So now we have it. We have the admission that the Opposition do not have a population cap. I am grateful to the hon. Gentleman, first, for clarifying that. Secondly, it is the case, as he confirms, that our points-based system covers more people under the migration system than their system does. On the point about students, the hon. Gentleman misunderstands the policy. Under the points-based system, the Government will have the ability to look at the criteria within the different tiers, as he knows, to ensure that the right criteria and policies are being met.

Jeremy Corbyn (Islington, North) (Lab): Is the Minister aware that many families in this country have sought asylum from war-torn countries and have very strong cases for gaining permanent residence here? Their cases have been delayed by the UK Border Agency and they are forced to live without any benefits or support. In many cases, they are forced to beg. They are willing and able to work, but are denied that right and forced to live off the largesse of friends and family. Does the Minister not think it time to look seriously at the misery and hardship that many asylum-seeking families and their children face in our society while we parade to the world our regard for human rights?

Mr. Woolas: My hon. Friend raises the difficult issue of delayed asylum cases. The whole House would agree that it is right and proper that asylum seekers should be processed not only firmly, but quickly. That is why the focus of the Government's effort, with success, is to clear the backlog and ensure that we are processing cases better. We are now processing 60 per cent. of claims to conclusion within six months; 10 years ago, the figure was 22 months just to get to an initial decision.

Police Officers (Morale)

6. **Mr. David Jones** (Clwyd, West) (Con): What recent assessment she has made of trends in the level of morale among police officers in Wales and England. [229774]

The Minister of State, Home Department (Mr. Vernon Coaker): The police service has a good record at retaining staff; it is one of the strongest such records in the public sector. The resignation rate has remained stable in the past five years, at around 1.5 per cent. I am also delighted that we have reached agreement on a three-year pay deal for police officers from 2008-09 to 2010-11.

Mr. Jones: A recent survey of members of the North Wales Police Federation found that more than 50 per cent. of the officers questioned reported levels of morale at the lower end of the scale. When they were asked what measures could be put in place to enable them significantly to improve their performance, the top three answers were that there should be more police officers, that bureaucracy should be reduced and that there should be fewer targets. Does the Minister consider that the low morale found in north Wales is representative of the police in general? What is the Home Office doing to address the bureaucratic, target-driven culture that is clearly contributing to it?

Mr. Coaker: The hon. Gentleman will know that police officer numbers are at historically high levels. He will also know of the measures that we are taking to reduce bureaucracy, not least the appointment of Jan Berry as the reducing bureaucracy champion. Furthermore, the hon. Gentleman will know of the confidence measures that we are taking to reduce the number of targets and to have a single force area target. No doubt all those measures will be welcomed in north Wales, as they have been across the rest of the country.

I know about the survey that the hon. Gentleman mentioned, but should point out that resignations in north Wales fell between 2006-07 and 2007-08. As well as talking about the problems, we can point out the successes of the police in order to raise police morale. Not least of those successes has been the huge reduction in crime in north Wales and across the rest of the country.

Mr. Parmjit Dhanda (Gloucester) (Lab): On the subject of morale, the Minister will be aware that the National Black Police Association recently called for a boycott of the Metropolitan police. Will my hon. Friend continue to work with the association on issues of recruitment and retention and does he agree with me that a boycott is not ultimately in the interests of the police force or of the communities that the association seeks to serve?

Mr. Coaker: My hon. Friend has been a champion of the police and of policing in his constituency. He speaks from a position of strength when he talks about the importance of diversity in the police force. Recently, I met representatives of the National Black Police Association and I have been at the launch of a branch of the National Association of Muslim Police in the City of London. I will continue to have such meetings and make such visits.

As my hon. Friend will know, my right hon. Friend the Home Secretary asked me to look into the whole issue of diversity and ethnicity in the police service. I have just given my right hon. Friend that report. The point is extremely important, and we will look to do something about it in the not-too-distant future.

Mark Pritchard (The Wrekin) (Con): Does the Minister agree that one way to improve police morale is to ensure that the Crown Prosecution Service does not lose evidence and that its staff turn up on the correct date at the correct time so that the police's hard work in bringing people before the courts can produce a hearing in the court and, I would hope, secure some sort of conviction?

Mr. Coaker: To be fair to the hon. Gentleman, nobody would disagree with those comments. The relationship between the police and the CPS is crucial, which is why Crown prosecutors are now resident in police stations in order to work with the police so that those prosecutors do not make mistakes in respect of the process and there is a better chance of getting measures to court. He is right to point out the need for that close co-operation. We discuss that with our ministerial colleagues and, in the light of his question, I will do so again, because it is an important matter.

Fiona Mactaggart (Slough) (Lab): I welcome the Minister to his new responsibilities. He was very effective in his previous role, and I look forward to working with him in his new one.

One aspect of police pay that is causing a problem for morale in the police forces around the border of the Metropolitan police area is that fact that the Metropolitan police get £4,393 a year more, as well as free travel into the Met police area, than the police in my constituency, who work side by side facing similar levels of crime? Will my hon. Friend reassure me that he is considering that issue?

Mr. Coaker: First, I thank my hon. Friend for her kind remarks.

We are aware of the issues to do with the so-called south-east allowance in terms of officers leaving forces around London and going to work for the Metropolitan police. My right hon. Friend the Home Secretary considers that a serious issue and is discussing it at the Police Negotiating Board. Far from cutting that allowance, as is being discussed by the Conservatives, we continue to see it as important and we will try to reach a proper and fair conclusion to those discussions.

Mr. David Ruffley (Bury St. Edmunds) (Con): I welcome the Minister to his new role.

The police were demoralised by the Home Secretary's shocking breach of trust over pay last year. In the light of her decision on 15 October to end consultation on the new police pay review body during this Parliament, will the Minister confirm to the police service that it is now the Home Secretary's principled view that the Police Negotiating Board and arbitration represent the best machinery for deciding police pay and conditions?

Mr. Coaker: I thank the hon. Gentleman for his welcome.

The hon. Gentleman will know that the police pay deal recently announced by my right hon. Friend has been welcomed by all sides. He will also know that as part of that deal, we said that the new pay review body would not be part of the forthcoming policing and crime reduction Bill, and the Government do not intend to introduce that body during this Parliament.

David Taylor (North-West Leicestershire) (Lab/Co-op): I welcome my hon. Friend and east midlands neighbour, the son of a policeman, to his present role.

Does my hon. Friend agree that a good proxy measurement of morale in a police force can be higher than average levels of absence in that force? Is he aware of the yardsticks that are used by HM inspectorate of constabulary to establish what is wrong when there are higher levels of absence than average? Does he think that local management can be improved, as it probably can in one northern force that has reviewed the shift system in an ill-considered way without properly consulting the police officers in that area, with the result that morale has sunk and absence has soared?

Mr. Coaker: I thank my east midlands neighbour for his kind remarks.

As regards local consultation and negotiation, all the things that one would expect to happen should happen, and they usually do. Notwithstanding recent media reports, the sickness and absence rates for each police officer have reduced by three and a half days since 2001. In many respects, using the sickness and absence rates, which show the number of days for which each officer is absent from their police service, is a good proxy to show a decline in those absence levels. I hope that has been achieved because of some of the things that my hon. Friend pointed out as good practice.

Drug-Related Crime

7. **Mr. Simon Burns** (West Chelmsford) (Con): What recent assessment she has made of the effectiveness of measures to combat drug-related crime. [229775]

The Minister of State, Home Department (Mr. Vernon Coaker): Recorded acquisitive crime—to which drug-related crime makes a significant contribution—has fallen by 28 per cent. since 2002-03.

We have invested heavily in the drug treatment system and we know that treatment works. For every £1 spent on treatment, at least £9.50 is saved in crime and health costs.

Mr. Burns: Will the Minister confirm that between 2005 and 2007, the number of successful police raids on cannabis factories doubled from 2,500 to 5,000? Does he believe that there is any correlation between the increase in cannabis factories and the reclassification of cannabis as a class C drug?

Mr. Coaker: The number of successful raids on cannabis farms has increased, and one of the ways we wish to deal with supply is through the reclassification of cannabis from C to B. In particular, it is important that we take account of the sort of cannabis that is now available on our streets, which is skunk, a super-strength cannabis. That is why we intend to put before Parliament the necessary measures to reclassify cannabis from C to B. I notice that the Leader of the Opposition has also changed his position on what class cannabis ought to be.

Bob Spink (Castle Point) (UKIP): There are very few people in this House who have done as much as this Minister to tackle the drugs issue over the years, so I

congratulate him. Is he aware of the terrible problems caused by the date-rape drug, gamma-butyrolactone, and will he take action to control that drug?

Mr. Coaker: I will have a look at the date-rape drug that the hon. Gentleman mentioned—I will not attempt to pronounce it. We will, of course, consider any drug that is brought to our attention, whether old or new, and take the appropriate and necessary action.

Mr. Julian Brazier (Canterbury) (Con): Would the Minister confirm that, according to a number of measures, Britain has the worst drug problem in Europe? Would he further confirm that four fifths of all drug treatment and testing orders have come to an unsuccessful conclusion, and that only 5 per cent. of drug treatment in this country is abstinence based?

Mr. Coaker: I can confirm the following to the hon. Gentleman: if he looks at the new 10-year drug strategy that we published, he will see the use of the word abstinence, and will see that abstinence is part of the menu of options that should be made available to people who have a drug problem. Indeed, he will also know that we have received clinical advice that we should ensure that it is part of a menu of options, rather than the only option available to someone abusing drugs. I also point out that by any standard—for example, the British crime survey measurement—overall drug use is falling in the adult population, and it is falling among young people in particular. We ought to celebrate those facts, as well as deal with the issues that the hon. Gentleman highlights.

Local Crime Mapping

8. **Mrs. Siân C. James** (Swansea, East) (Lab): What assessment she has made of the effect of local crime mapping on levels of public confidence in policing. [229776]

The Secretary of State for the Home Department (Jacqui Smith): The Association of Chief Police Officers tells me that from December this year, all forces will be able to publish neighbourhood crime maps as part of the policing pledge that I announced in July. The minimum standard required will be thematic maps of the same-crime categories, such as burglary, robbery, theft, vehicle crime, violent crime and antisocial behaviour incidents. That will be at least at ward level, and the information will be presented through easily accessible local crime information websites, which will make it possible for the public to make simple comparisons between neighbourhoods.

Mrs. James: I thank the Home Secretary for her answer. In Swansea, East, the police have been successfully using crime mapping to identify areas where they can target their resources. An excellent project is being undertaken in my constituency with Pentrehafod school, where young people are working with the police to tackle the causes of crime. Will she ensure that money continues to be invested in crime mapping, particularly when it is so successful in raising public confidence in tackling crime and the causes of crime?

Jacqui Smith: My hon. Friend is absolutely right. I was pleased to be able to visit south Wales recently and hear from the chief constable about the work that is being undertaken to develop local crime information and make it available to the public. As my hon. Friend rightly says, we need local people, who are the best weapon in helping fight crime, to have the information to work shoulder to shoulder with their local police forces and to continue to see crime come down.

Bob Russell (Colchester) (LD): Although I welcome the Home Secretary's comments about the publication of local crime maps so that the local community knows what is going on, does she share my concern that Essex police have recently regularly refused to provide information about individual crimes to the local media? The public do not know what is going on in their neighbourhoods, which contrasts with the Home Secretary's comments about the publication of crime mapping.

Jacqui Smith: It is obviously important that local police forces, such as the Essex police force, make the appropriate decisions, but I am clear—as is ACPO—that we must reach a position whereby, alongside crime mapping, we provide much better information to local people and at least monthly opportunities for them to engage with their neighbourhood policing teams, which are now in every neighbourhood throughout the country, to know what is going on and what, together, they can do about it.

Migration Policy

9. **Mr. Mark Harper** (Forest of Dean) (Con): What recent discussions she has had with ministerial colleagues on the co-ordination of migration policy. [229777]

The Minister of State, Home Department (Mr. Phil Woolas): Home Office Ministers discuss migration policy with ministerial colleagues on a regular basis through the Cabinet Committee structure, in particular the Ministerial Committee for Domestic Affairs Sub-Committee on Migration.

Several Departments are represented on the Migration Advisory Committee and the Migration Impact Forum. We also work closely with individual Departments on a range of more specific issues about migration policy.

Mr. Harper: I thank the Minister for that answer. Is it not the case that, when he said that it has been too easy to get into this country in the past, he was right, and that is the reason for the failure of the Government's attempts at welfare reform? In the past three years, 365,000 fewer UK-born citizens were in work, while 865,000 more foreign migrants were in work. I listened to his answer to the right hon. Member for Birkenhead (Mr. Field). Even if he takes the steps that he announced, are they not too little, far too late?

Mr. Woolas: No, I do not accept that. If the hon. Gentleman is fair—I know that he is—he will examine the policies of a range of Departments, including the changes that have been introduced today to incapacity benefit to help the welfare-to-work programme. Of course, the needs of the economy are being put first, as he says, by the points-based system. I therefore disagree with him—I believe that the steps will be sufficient.

Mr. Dominic Grieve (Beaconsfield) (Con): Last week, the immigration Minister unrepentantly and repeatedly made it clear that he supports an upper limit on immigration to the United Kingdom to prevent excessive population growth. The Home Secretary has made it clear that she does not support an upper limit. Which is Government policy?

Mr. Woolas: I thank the hon. and learned Gentlemen for the question. There has been much debate in the House, including last Tuesday, although he did not take part, about the population trend that the Office for National Statistics published and that my right hon. Friend the Member for Birkenhead so articulately highlighted. It identifies the total population, including the impact of migration. The Government's point, with which my right hon. Friend agrees, is that the points-based system allows for controlling migration for workers by a method that ensures that the trends do not come to fruition. That is the policy.

Mr. Grieve: I detect that, when the immigration Minister is in the sight of the Home Secretary, he suddenly starts to lose his independence of thought. It is clear that two Government positions are coming from the Home Office—the immigration Minister's and the Home Secretary's—and they cannot be reconciled. If the immigration Minister wants to achieve what he says, and prevent a population of 70 million, there must be curbs on immigration. The Home Secretary does not accept that. Given that the Prime Minister appears to endorse the immigration Minister's view, are we to assume that we should defer entirely to the immigration Minister on those matters and forget what the Home Secretary tells us?

Mr. Woolas: I think that we have confirmation that those on the Conservative Front Bench have no credible policies. The Government have repeatedly stated that had the points-based system that we have introduced been in place 12 months ago, 12 per cent. fewer migrants would have come to this country to work than otherwise. In that way—it seems to be almost a primary-school mathematical point that the hon. and learned Gentleman is seeking to make political mischief out of—the policy is reconciled. I wish that he could say the same of his.

Topical Questions

T1. [229793] **Ms Sally Keeble** (Northampton, North) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Jacqui Smith): My Department is responsible for protecting the public from terrorism. I am now strengthening the rules to exclude from the UK individuals who foster or spread extremism. There is no place in our society for people who encourage violence or preach hatred, and we will create a presumption in favour of exclusion of all those who have engaged in this behaviour. Where it is in our interests, we will name those whom we stop from entering the UK. Those who have courted extremism will have to have retracted such views publicly before they can be allowed in. I am also taking action to exclude European economic area nationals and their families before they travel here if they pose a threat to public security. Coming to Britain is a privilege. We will refuse to extend that privilege to anyone who wants to use hatred to undermine our way of life.

Ms Keeble: I welcome that statement. On a different subject, my right hon. Friend will be aware of the high level of concern about alcohol-related crime. Is she considering introducing proposals to tackle binge drinking and especially the heavy price cutting by retailers?

Jacqui Smith: I know that my hon. Friend has done a lot of work on the issue, not only in Northampton, but through the legislation that she sought to bring forward. As we made clear when we published the consultation before the summer, we are looking carefully into how we can strengthen the current voluntary code on promotions to tackle irresponsible promotions. As the consultation comes to a close, we will have more to say about that in the near future. I agree with her that we need to take further action to help to prevent binge drinking and irresponsible promotions.

T3. [229795] **Greg Mulholland** (Leeds, North-West) (LD): I was delighted in the summer when the Home Secretary appeared to indicate that the Government would support my campaign to make it mandatory for licensed premises to offer 125 ml measures of wine alongside other measures. Doing so would improve consumer choice at the same time as improving awareness of how much individuals were drinking. Are the Government proposing to bring forward such a proposal and will she meet me and the various organisations that have supported the campaign, including Alcohol Concern and "The Good Pub Guide", to discuss how we can take it forward?

Jacqui Smith: The hon. Gentleman has raised a point precisely about promotion and how alcohol is marketed, which is the subject of the current consultation. I am sure that he will have made representations to that consultation, and I or one of my ministerial colleagues would be happy to meet him to discuss the issue.

T2. [229794] **Martin Linton** (Battersea) (Lab): What discussions has my right hon. Friend had with the Mayor of London about the damage to police morale caused by his action in sacking the most senior police officer in the country for what appear to be purely political reasons?

Jacqui Smith: The Mayor of London did not choose to consult me before he made the points that he did to the Metropolitan Police Commissioner, who incidentally I believe to have played an important role in helping to reduce crime and develop neighbourhood policing across the Metropolitan police area. The Mayor, the Metropolitan Police Authority and the Home Secretary have a responsibility to work together for the benefit of policing in London and nationally. I hope that from now on that is what we shall be able to do.

T4. [229798] **Mr. Andrew Robathan** (Blaby) (Con): My constituents and the people of Britain are deeply concerned about the level of both legitimate and illegal immigration to this country, which has apparently led to a forecast of 70 million Britons in the not-too-distant future. To his credit, the immigration Minister

also shares that concern. Could the Home Secretary specifically please say whether she believes there should be an upper limit on immigration and whether she views the prospect of 70 million Britons in the next 20 years with equanimity?

Jacqui Smith: My hon. Friend the immigration Minister has completely reinforced the view that I expressed last week in the debate on immigration, which was called in Opposition time but to which the shadow Home Secretary did not feel it appropriate to contribute. I have made it completely clear that assumptions about population levels increasing to 70 million fail to take account of the points-based system that we are introducing. As my hon. Friend has identified again today, had that system been in place last year, it would have resulted in lower numbers of people coming through those routes into this country. So it is completely consistent that our points-based system places a strong control over three fifths of those who come into this country, as opposed to the policy of the Opposition, which proposes to place an arbitrary cap—whose number the Opposition will not give us—on only one out of five people coming into this country.

Keith Vaz (Leicester, East) (Lab): The Home Secretary will know that, last week, the Home Office was forced to admit that many police forces had incorrectly recorded serious violent crime, with the result that the figures gave the impression that levels of violent crime were lower than they actually were. What steps is she taking to ensure that that kind of situation can never arise again? Did it arise as a result of her Department's guidance, or was it a mistake made by the police forces themselves?

Jacqui Smith: I am sorry: I do not often have to correct my right hon. Friend, but I have to correct something that he has just said, which was that the change in the counting rules, which had been agreed alongside police officers and independent statisticians, meant that the levels of violent crime had been misreported. That is wrong. The levels of violent crime have not been misreported. In fact, the reduction in violent crime of 7 per cent. that we saw reported last Thursday is reliable and can be depended on. We were clear that we needed to ensure that, within the category of violent crime, everything that should be counted as most serious violence was so counted. That is why we, alongside the police, reviewed the counting rules and why some of the changes announced last week were made. It is right that, within the category of violent crime, the subsections that crimes are recorded in should be complete and consistent across the country.

Chris Huhne (Eastleigh) (LD): The consultation on the transposition of the EU directive in the communications data Bill will end of Friday. However, this is currently a menu without any prices. What estimate can the Home Secretary give of the likely cost of the proposed database containing every e-mail, voice-mail and mobile phone call made in this country?

Jacqui Smith: The hon. Gentleman is—knowingly, I suspect—conflating two issues. The consultation on the EU data retention directive is designed precisely to help us to identify the cost of implementing that directive, as will happen in every other country across Europe. I have also made it clear, however, that as we look to the future and to changes in technology and the requirement to maintain the capacity of our law enforcement and intelligence agencies to use current capabilities in communications data, we will publish a consultation document that will make clear the challenges and the proposed options for dealing with them. I look forward to widespread consultation as we take that work forward.

T5. [229799] **Mr. Andy Slaughter** (Ealing, Acton and Shepherd's Bush) (Lab): In the past two weeks, more than 2,000 residents of the London borough of Hammersmith and Fulham have registered their objection to a lap-dancing club seeking a licence in a residential area close to local schools. However, the task of opposing those establishments is made difficult because of a lacuna in the Licensing Act 2003. Will my right hon. Friend use the forthcoming policing and crime reduction Bill to ensure that local communities are given greater control over the licensing of lap-dancing clubs—[HON. MEMBERS: "Reading!"]—by allowing councils to license such venues as sex encounter establishments—

Mr. Speaker: Order. I do not expect hon. Members to be reading out a supplementary question, especially during topical questions. Briefly, Minister.

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): We recognise that there is public concern about this matter, and agree that current licensing arrangements are inadequate. Local people have legitimate concerns for objecting to the planned location of a lap-dancing club, and we want to empower local authorities to take account of those legitimate concerns. The Home Secretary has committed the Government to bringing forward changes as soon as is practically possible.

T6. [229800] **Michael Fabricant** (Lichfield) (Con): I would imagine that Members on both sides of the House would deplore the use of animal experimentation for the testing of cosmetic and other similar products. However, the situation is different for the testing of medical products when there is no alternative. What steps are the Government taking to ensure that, when a licence for such experimentation is given, there is no persecution of the people undertaking those tests, be they in universities or other places of experimentation? In my own constituency, a couple of years ago, several people were persecuted for undertaking work to save the lives of others.

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): We take this matter very seriously, and the Home Office is keen to stamp out extreme crime—indeed, any crime. In the case raised by the hon. Gentleman, after a lengthy police operation involving more than 50 police officers, the individuals concerned received 12 years each in the case of the three men who pleaded guilty and four years in the other case. I think that those sentences speak for themselves, as the maximum possible would have been 14 years, so I think that that is a good result. We have strengthened the law to enable us to prosecute people who take this unacceptable action. The Home Office tries hard to

ensure that we get the right balance—the hon. Gentleman properly alluded to it—between allowing experimentation where no other alternative is possible and making sure that extremists are caught.

Mr. Gordon Marsden (Blackpool, South) (Lab): May I tell the Home Secretary that the people in Blackpool and its police force are delighted at the extra funding made available for tackling knife crime, particularly in schools? May I ask my right hon. Friend also to press the trading standards authorities throughout the country to follow the example of Blackpool council in cracking down vigorously on those who sell knives to under-18s, which remains a big issue despite changes in the law?

Meg Hillier: The issue is not just about knives sold in shops, but those sold on the internet. My hon. Friend should be commended for his efforts in promoting awareness of knife crime for many years. It is interesting to note that Lancashire—including Blackpool, of course—is one of the areas involved in the tackling knives action plan. When the police used their search equipment, they found no weapons, but their test purchase operations during the weekend of 18-19 October, which concentrated on markets and discount shops, recorded a 40 per cent. failure by those shopkeepers to follow procedures when they sold weapons to under-age people. Prosecutions are now pending; I look forward to the results coming through.

T7. [229801] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): Is the Secretary of State aware of the real concern across my constituency about antisocial behaviour? Does she agree with the Police Federation that 24-hour drinking has stretched the police to breaking point and contributed to rising levels of antisocial behaviour?

Jacqui Smith: The Police Federation and I have discussed the issue and it has recognised that changes in the licensing legislation have not, in most cases, led to much longer opening hours and that there has been an overall reduction in violent crime against individuals during the evenings. The Police Federation will continue to work with us on the work that I mentioned earlier, which is intended to make sure that we clamp down particularly on irresponsible promotions in areas where the link to crime and disorder is most obvious.

Kerry McCarthy (Bristol, East) (Lab): I met several hundred members of the Bristol Somali community on Saturday at a conference that was set up to discuss gangs and knife crime, including some of the issues raised earlier by my hon. Friend the Member for Islington, North (Jeremy Corbyn). Will the immigration Minister agree to meet me and some of my hon. Friends to discuss some of the issues that are particularly affecting the Somali community in the UK?

The Minister of State, Home Department (Mr. Phil Woolas): Of course I will.

T8. [229802] **Mr. Laurence Robertson** (Tewkesbury) (Con): The very easy availability of very cheap alcohol obviously causes a problem in this country, but the deeper problem is a cultural one, especially when we compare behaviour here with that in some foreign countries. What do the Government think causes that bad cultural behaviour and what can be done about it?

Jacqui Smith: I think that it is right to say that the vast majority of young people—over 18, of course—drink alcohol responsibly, but there is a minority for whom the way in which alcohol is promoted and their lack of understanding of its impact have had a detrimental effect. That is why we, as a Government, have worked hard through the "Know your Limits" advertising campaign and through the work of my colleagues in the Department of Health to bring home to people the potential danger that irresponsible drinking can cause. People need to behave responsibly both for their own health and on account of the impact of their behaviour on the wider community, and we will continue to make that case.

Mr. David Winnick (Walsall, North) (Lab): May I welcome my right hon. Friend's statement about undesirable people who visit the UK? Is she aware that many have wondered over the years why we have allowed into this country people whose sole purpose while visiting Britain has been to encourage violence and, in some cases, terrorism, albeit in other countries? What my right hon. Friend said today is very welcome and I hope that it will be implemented.

Jacqui Smith: I wholeheartedly agree with my hon. Friend.

Points of Order

3.35 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): On a point of order, Mr. Speaker. May I take you back to the start of the Session, when you correctly reminded Members about their obligations in relation to the new parliamentary boundaries? You told us:

"Those boundaries do not change until the next election, so we must obey the convention of not involving ourselves with another Member's constituency until that time." —[*Official Report*, 6 November 2007; Vol. 467, c. 2.]

I seek your advice. The neighbouring Labour MP, the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), has written to the Department for Communities and Local Government seeking the calling in of a planning application in my constituency. I was not informed of that involvement in my constituency.

Further, may I ask you whether it was proper for a Minister to write to that Member about the planning application—indeed, announcing that it was to be called in? That seems to me to be entirely contrary to the advice that you gave the House at the start of the Session.

Mr. Speaker: We all have to obey the conventions of the House and we have to remember that, while this is a parliamentary boundary proposal, it is up to the electorate as to whether we are returned as Members of Parliament after the general election. We are presuming too much when we say that we are going to be the Member of Parliament for somewhere.

First, I will deal with the question of the Minister. If a Member of Parliament writes in good faith to a Minister, or a Minister receives in good faith a letter from a Member of Parliament saying, "This is my constituency," the Minister concerned could easily make a mistake and reply in good faith.

I do not want these disputes coming up in points of order. Everyone knows what a constituency boundary looks like. They get a map and look around it. They must say, "This is within my boundary or without." I would add that, sometimes, there are circumstances in which an hon. Member could ask about a matter that is outwith his or her constituency. That could happen. The question could be about a hospital. In my own case, there might be a hospital in the city of Glasgow that is outwith my constituency, but I could ask a question about facilities, although health is a devolved matter.

I want to assist proceedings, but I do not want this dispute to go on.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab) *rose*—

Mr. Speaker: Order. Mr. Slaughter, you will understand that you have a boundary and you have a map. I tell you this: older Members of Parliament like me are very territorial. We do not like anybody getting our constituencies. You will need to be become territorial and stay within your constituency boundary.

Mr. Slaughter: Further to that point of order, Mr. Speaker. I am most grateful for that guidance. For the avoidance of doubt, the issue that has been raised by the hon. Member for Hammersmith and Fulham (Mr. Hands) affects my current and my prospective constituency to a great degree. It is simply a matter of regret that he and the Conservative council did not oppose this overdevelopment.

Mr. Dominic Grieve (Beaconsfield) (Con): Further to that point of order, Mr. Speaker. I must point out that the hon. Member for Ealing, Acton and Shepherd's Bush has been writing about the matter to individuals in the constituency of my hon. Friend the Member for Hammersmith and Fulham. For it simply to be suggested that he has involved himself—*[Interruption.]* I am a recipient of the correspondence. It is an involvement that goes beyond that.

Mr. Speaker: Order. I am going to stop the hon. and learned Gentleman. I have told two hon. Members to get their act together and keep it out of this Chamber. The last thing I want is a Front Bencher making things awkward for the Speaker.

Mr. Greg Knight (East Yorkshire) (Con): On a point of order, Mr. Speaker.

Mr. Speaker: I hope that this is not about constituency boundaries.

Mr. Knight: No. Have you, Mr. Speaker, received any indication that a ministerial statement might be made today? Ever since early this morning, well before the House started sitting, there have been reports on the news wires that the Secretary of State for Transport is to allocate £20 million to some local authorities to entice them to use electric vehicles. The report went on to say, "And he will be making a statement later." One wonders to whom he is making the statement, because it appears that there is no provision for an oral statement to be made today.

Is not this something that you deplore, and that the House should rightly deplore, particularly as today we are dealing with transport business? The Secretary of State is on the Treasury Bench. All he has to do is walk a few feet to the Dispatch Box and tell us what this is all about.

Mr. Speaker: I have had no indication that a parliamentary statement will be made by any Minister.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): On a point of order, Mr. Speaker. You will know that the Government have made a commitment to publish an impact assessment spelling out the costs, benefits and alternatives of any major measure, piece of legislation or change in policy before introducing it, so that the House can debate it in a fully informed manner.

Last week the Secretary of State for Energy and Climate Change announced in the House that he was raising the target for reducing carbon emissions from 60 per cent. to 80 per cent.—a one third increase. If that results in a corresponding increase in costs, it will increase the costs of the programme by some £70 billion. However, when I wrote to the Secretary of State asking him whether he intended to publish an impact assessment and if so, when, I received the reply that the Government did intend to publish such an assessment, but not until

[Mr. Peter Lilley]

after Royal Assent. That means that tomorrow, if things do not change, the House will discuss a measure not knowing to the nearest £70 billion what it will cost, or the corresponding change in benefits. I believe that that is an insult to the House and to our tax-paying constituents. Have you any powers, Mr. Speaker, either to require the Secretary of State to rush forward an impact assessment so that we know what we are debating, or to delay tomorrow's debate until an assessment has been published so that we can debate it in a well-informed manner?

Mr. Speaker: The right hon. Gentleman was kind enough to give me some notice of his question. I have no powers to require such an assessment to be produced, but his comments will have been heard by Ministers.

Anne Main (St. Albans) (Con): On a point of order, Mr. Speaker. May I seek your guidance? I think that the immigration Minister, who is no longer present, may have inadvertently misled the House just now when he told my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) that he had written to my hon. Friend in great detail explaining why someone on a United Nations list of al-Qaeda terrorists had been given indefinite leave to remain. I have seen the letter, and apart from an apology for the long delay, there is no detail whatsoever.

Mr. Speaker: I am not responsible for ministerial replies, and I do not expect the hon. Lady to read the letter out during a point of order.

John Howell (Henley) (Con): On a point of order, Mr. Speaker. I should be grateful if you would tell me whether you have power to review the point of topical debates. Last Thursday's debate, which was on the important subject of work and skills, was attended by only one Labour Back Bencher throughout. It is clear that Labour Back Benchers see no point in such debates.

Mr. Speaker: Those are matters for the Leader of the House, and the hon. Gentleman may wish to raise the issue with her. However, topical debates are usually very well attended. Back Benchers on both sides of the House usually want to speak in them, and have pleaded with me to ask Front Benchers to try to curtail opening speeches.

Orders of the Day

Local Transport Bill [*Lords*]

[Relevant documents: The Ninth Report from the Transport Committee, Session 2006-07, on the draft Local Transport Bill and the Transport Innovation Fund, HC 692, and the Government's response, HC 1053.]

As amended in the Public Bill Committee, considered.

New Clause 9

POWER OF AUTHORITIES TO PROVIDE SERVICES IN EXCEPTIONAL CIRCUMSTANCES

'(1) After section 132B of the TA 2000 insert—

"132C Power of authorities to provide services in exceptional circumstances

(1) This section applies where a person who has agreed to provide a service ("the old service") in accordance with a quality contract ceases to do so before the end of the period for which the contract was intended to have effect.

(2) The authority, or any one of the authorities, who entered into the quality contract may, in accordance with subsections (4) to (8) and section 132D, provide a local service (an "interim service") in place of the old service or any part of it.

(3) Subsection (2) has effect notwithstanding any prohibition, restriction or limitation contained in any other enactment on the power of the authority to provide local services.

(4) An authority who provide an interim service of any description must hold a PSV operator's licence to which no condition is attached under section 26 of the Transport Act 1985 (power of traffic commissioner to attach conditions to licence) prohibiting the authority from using vehicles under the licence to provide services of that description.

(5) Subsection (6) applies if—

(a) an authority provide an interim service in place of an old service or any part of an old service, and

(b) the authority or authorities who entered into the quality contract for the provision of the old service propose to enter into a quality contract for the provision of a replacement service in place of that service or (as the case may be) that part.

(6) The authority, or the authorities acting jointly, must invite tenders (in accordance with section 130) for the provision of the replacement service—

(a) as soon as reasonably practicable after the authority providing the interim service begin to do so, and

(b) in any event no later than three months after the date on which provision of the old service ceased.

(7) But subsection (6) does not apply if the authority, or the authorities acting jointly, decide to secure the provision of the replacement service under section 131 (circumstances in which quality contracts may be entered into without inviting tenders).

(8) The particulars of an interim service, or of a replacement service, need not be identical to the particulars of the old service, or that part of the old service, which it replaces.

(9) In this section—

"enactment" includes an enactment comprised in subordinate legislation (within the meaning of the Interpretation Act 1978);

"interim service" has the meaning given by subsection (2);

"the old service" has the meaning given by subsection (1);

"replacement service" means a local service provided under a quality contract in place of an old service or any part of an old service.

132D Period for which interim service may be provided

(1) This section applies for the purpose of determining the period for which an authority may provide an interim service which is provided in place of—

(a) an old service ("the relevant service"), or

(b) part of an old service ("the relevant part").

(2) If the authority do not, within the period of three months beginning with the date on which provision of the relevant service ceased,—

(a) enter into a quality contract to provide a replacement service in place of the relevant service or (as the case may be) the relevant part, or

(b) issue an invitation to tender in pursuance of section 132C(6),

the authority must not provide the interim service after the end of that period.

(3) If the authority enter into a quality contract to provide such a replacement service within the period mentioned in subsection (2), the authority must not provide the interim service after the earlier of the following dates—

(a) the date on which the replacement service is first provided;

(b) the date falling nine months after the date on which the interim service is first provided.

(4) If the authority issue invitations to tender in pursuance of section 132C(6) within the period mentioned in subsection (2) (but do not enter into a quality contract to provide such a replacement service within that period), the authority must not provide the interim service after the earlier of the following dates—

(a) the date on which a replacement service is first provided in place of the relevant service or (as the case may be) the relevant part;

(b) the date determined in accordance with subsection (5).

(5) The date is the later of—

(a) the date falling nine months after the date on which the interim service is first provided;

(b) such date, not later than three months after the date mentioned in paragraph (a), as may be determined by the traffic commissioner on the application of the authority.

(6) The traffic commissioner may determine a date under subsection (5)(b) only if satisfied that there is a realistic prospect that, if the determination is made, a replacement service will be provided in place of the relevant service or (as the case may be) the relevant part on or before that date.

(7) An application under paragraph (b) of subsection (5) must be made—

(a) to the traffic commissioner for the traffic area in which the interim service is provided (or, if the service is provided in more than one such area, to the traffic commissioner for any of those areas), and

(b) not later than one month before the date mentioned in paragraph (a) of that subsection.

(8) The authority must not make more than one application under subsection (5)(b) in respect of any interim service.

(9) In this section—

"interim service" and "replacement service" have the meaning given in section 132C;

"the relevant service" and "the relevant part" have the meaning given in subsection (1);

and, in any case where the authority entered into the quality contract for the provision of the relevant service jointly with one or more other authorities, references in this section to the authority entering into a quality contract for a replacement service, or issuing invitations to tender for such contracts, are references to those authorities acting jointly.".

(2) In section 162(4) of the TA 2000 (provisions where references to Passenger Transport Authorities are to be read as references to Passenger Transport Executives) at the appropriate place insert—

"section 132C,

section 132D,".

(3) In section 66(1) of the TA 1985 (exclusion of powers of certain councils to run bus undertakings) after "subsection (2) below" insert "and to section 132C of the Transport Act 2000".'.—*[Paul Clark.]*

Brought up, and read the First time.

3.43 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following: amendments (a) to (j) to Government new clause 9.

Government new clause 13—*Advice by boards or their Commissioners.*

Government new clause 14—*Consideration of proposed schemes by boards.*

Amendments (a) to (c) thereto.

Government new clause 15—*Appeals against the making of schemes for areas in England.*

Amendments (a) to (d) thereto.

Government new clause 16—*Exempt continuation proposals.*

Government new clause 17—*Continuation of schemes for areas in England: procedure.*

Government new clause 18—*Continuation of schemes for areas in Wales: procedure.*

Government new clause 19—*Exemption from s.132 for specific variations directed by Transport Tribunal.*

New clause 6—*Approval of proposed scheme*—

'In the TA 2000, for section 126 (approval of proposed scheme) substitute—

"125A Consideration of proposed scheme

(1) If, having complied with section 125, the authority or authorities wish to proceed with the proposed scheme, they must apply to the appropriate consulting authority for its consideration.

(2) In this Part "the appropriate consulting authority" means—

(a) where the area to which the scheme relates is in England, an approvals board for England; and

(b) where the area to which the scheme relates is in Wales, the Welsh Ministers.

(3) The application must include—

(a) the authority's or the authorities' reasons for wishing to make the scheme; and

(b) such other information as the appropriate consulting authority may reasonably require.

(4) The appropriate consulting authority shall give its opinion on the proposed scheme within 28 days of the latter of—

(a) the application for its opinion; and

(b) the receipt of any further information requested under subsection (3)(b).

(5) The appropriate consulting authority may recommend modifications to the proposed scheme.

(6) Following receipt of the appropriate consulting authority's opinion, the authority or authorities must take that opinion into account and may then proceed to—

(a) make the proposed scheme;

(b) discontinue the proposed scheme; or

(c) make the proposed scheme with modifications.

[Mr. Speaker]

(7) If the authority or authorities propose to make the scheme with modifications, they must first consult such of the persons they consulted under section 125(3) as would in their opinion be affected by those modifications."'.

New clause 7—*Approval of proposed scheme (No. 2)*—

'(1) Section 126 of the TA 2000 (approval of proposed scheme) is omitted.

(2) After section 125 of the TA 2000 (notice and consultation requirements) insert—

"126 Consideration of proposed scheme

(1) In this Part "the appropriate consultation authority" means—

(a) where the area to which the scheme relates is in England, a consultation board for England; and

(b) where the area to which the scheme relates is in Wales, the Welsh Ministers.

(2) Where the area to which the scheme relates is in England—

(a) upon receipt of a notice under section 125(1)(a), the senior traffic commissioner shall within 7 days of receipt of the notice appoint a consultation board to give its response on the proposed scheme; and

(b) once appointed under paragraph (a), the consultation board shall begin its consideration.

(3) Where the area to which the scheme relates is in Wales, the Welsh Ministers shall begin their consideration upon receipt of a notice under section 125(1)(a).

(4) The appropriate consultation authority shall consider whether the proposed scheme as a whole satisfies the criteria set out in section 124(1).

(5) In carrying out its consideration, the appropriate consultation authority shall consider—

(a) the consultation document produced by the authority or authorities in accordance with section 125,

(b) any information received by the appropriate consultation from the persons listed at section 125(3),

(c) any other information that the appropriate consultation authority may reasonably request from the authority or authorities proposing the scheme, and

(d) any other information that the appropriate consulting authority obtains from any other source which the consulting authority deems to be relevant.

(6) If the appropriate consultation authority believes that any of the criteria set out in section 124(1) are not satisfied, it shall give reasons for that belief in its response and may suggest ways in which the scheme could be modified so as to ensure that the criteria are satisfied.

(7) In giving its response, the appropriate consultation authority may recommend modifications to the proposed scheme.

(8) Following receipt of the appropriate consultation authority's response, the authority or authorities proposing the scheme shall forward the response to the persons listed at section 125(3).

(9) The authority or authorities proposing the scheme must take that response into account and may then proceed to—

(a) make the proposed scheme;

(b) discontinue the proposed scheme; or

(c) make the proposed scheme with modifications.

(10) If the authority proposes or the authorities propose to make the scheme with modifications, it or they must first consult such of the persons it or they consulted under section 125(3) as would in its or their opinion be affected by those modifications."'.

New clause 8—*Review of validity of schemes*—

'(1) After section 126B of the TA 2000 insert—

"126C Review of validity of schemes: areas in England

(1) This section applies where the area to which the proposed scheme relates is in England.

(2) If any person who was consulted by the authority or authorities in accordance with section 125(3) or the consultation board desires to question the validity of a quality contracts scheme, or of any provision contained in it, on the ground—

(a) that it is not within the powers of this Act; or

(b) that any of the relevant requirements have not been complied with in relation to that scheme,

that person or the board may, within the period of 42 days beginning with the day on which the notice is required by section 127(8) is published, make an application for the purpose to the Transport Tribunal.

(3) On any such application, the Transport Tribunal—

(a) may suspend the operation of the quality contracts scheme, or of any provision contained in it, either generally or in part, until the final determination of the proceedings, and

(b) if satisfied that the quality contracts scheme or any provision contained in it is not within the powers of this Act, or that the interests of the applicants have been substantially prejudiced by a failure to comply with any requirement imposed by or under this Act, may quash the scheme or any provision contained in it, either generally or in part.

(4) Subject to subsections (2) and (3) and without prejudice to any right of appeal from the Transport Tribunal, a quality contracts scheme shall not, either before or after it has been made, be questioned in any legal proceedings whatever.

(5) Notwithstanding the provisions of paragraph 8 of Schedule 4 to the TA 1985, the jurisdiction of the Transport Tribunal in relation to this section shall be limited to the consideration of the matters set out in subsection (2).'.

Amendment No. 5, in clause 19, page 18, line 15, after 'relates', insert

'which are greater than those that would pertain under existing arrangements,'.

Amendment No. 6, page 18, line 22, leave out paragraph (e) and insert—

'(e) there are shown to be no adverse effects of the proposed scheme on operators or on persons living or working in the area to which the proposed scheme relates'.

Government amendment No. 163

Amendment No. 30, page 18, line 27, leave out subsection (3) and insert—

'(3) Leave out subsection (2)(b) and insert—

"(2) (b) have consulted the appropriate consulting authority in accordance with section 125A"'.

Amendment No. 65, page 18, line 27, leave out subsection (3) and insert—

'(3) In subsection (2) omit paragraph (b) and the word "and" before it.'.

Government amendment No. 121.

Amendment No. 66, page 18, line 39, at end insert—

'(6) After subsection 13 insert—

"(14) For the purposes of determining whether or not the criteria set out in subsection (1) would be satisfied by any proposed scheme, an authority or authorities may cause to be held such inquiries and in such manner as it or they think fit."'.

Amendment No. 67, in clause 20, page 18, line 43, leave out from beginning to end of line 2 on page 19 and insert—

'(2) For subsection (1) substitute—

"(1) Prior to making a quality contracts scheme the authority or authorities must—"'.

Amendment No. 68, page 19, line 2, at end insert—

'( ) Give notice of the proposal to make the scheme—

(a) if the area to which the proposed scheme relates is in England, to the senior traffic commissioner; or

(b) if the area to which the proposed scheme relates is in Wales, to the Welsh Ministers.'.

Amendment No. 7, page 19, line 3, leave out 'in such a manner as they think fit'.

Amendment No. 8, page 19, line 6, after 'subsection (3)', insert—

'(c) supply a copy of that document to—

(i) the chief fire officer for each fire area covering the whole or part of that area;

(ii) the head of the local ambulance service for each area covering the whole or part of that area;

(iii) all persons living within 150 metres of any part of the route as specified in the proposed scheme;

(iv) representatives of local groups representing disabled people'.

Government amendments Nos. 164 to 166.

Amendment No. 69, page 19, line 30, at end insert—

'(f) a statement that all consultees may copy any comments they wish to make to the appropriate consultation authority, setting out details of the appropriate consultation authority.'.

Government amendments Nos. 167 to 169.

Amendment No. 70, page 20, line 1, leave out clause 21.

Government amendments Nos. 170 to 177.

Amendment No. 71, in clause 22, page 20, line 21 , leave out 'approvals' and insert 'consultation'.

Government amendment No. 178

Amendment No. 72, page 20, line 22, leave out 'an approvals' and insert 'a consultation'.

Government amendments Nos. 179 and 180.

Amendment No. 9, page 21, line 7, leave out subsection (8).

Government amendments Nos. 181 to 186.

Amendment No. 73, in clause 23, page 21, line 16, leave out 'approvals' and insert 'consultation'.

Government amendments Nos. 187 to 189.

Amendment No. 74, page 21, line 19, leave out 'approvals' and insert 'consultation'.

Government amendments Nos. 190 and 191.

Amendment No. 75, page 21, leave out line 24.

Amendment No. 31, page 21, line 24, leave out 'approval' and insert 'consideration'.

Amendment No. 76, page 21, line 25, leave out from beginning to 'to' in line 26 and insert

'provision for a confirmation that the consultation board is considering a proposed scheme'.

Amendment No. 77, page 21, line 29, leave out 'an application for approval has been received' and insert

'the consultation board is considering a proposed scheme'.

Amendment No. 32, page 21, line 29, leave out 'approval' and insert 'consideration'.

Amendment No. 78, page 21, line 32, leave out 'application' and insert 'proposed scheme'.

Amendment No. 23, page 21, line 32, at end insert—

'(e) provision that the role of the Approvals Board will be restricted to verifying that the authority seeking approval has followed the proper procedures for making a Quality Contract Scheme.'.

Amendment No. 79, page 21, line 34, leave out from that' to end of line 35 and insert

'any consultation board for England should normally give its response on any proposed scheme.'.

Government amendments Nos. 192 and 193.

Amendment No. 33, page 21, line 35, leave out 'approval' and insert 'consideration'.

Government amendment No. 194.

Amendment No. 80, page 21, line 36, leave out 'an approvals' and insert 'a consultation'.

Government amendment No. 195.

Amendment No. 34, page 21, line 37 , leave out 'reach its decision' and insert 'publish its recommendations'.

Amendment No. 81, page 21, line 37, leave out 'reach its decision' and insert 'give its response'.

Amendment No. 82, page 21, line 37, leave out 'on any application for approval'.

Amendment No. 35, page 21, line 38, leave out 'approval' and insert 'consideration'.

Amendment No. 83, page 21, line 38, leave out 'approval' and insert 'a response'.

Government amendment No. 196

Amendment No. 84, page 21, line 39, leave out 'an approvals' and insert 'a consultation'.

Amendment No. 36, page 21, line 39, leave out 'reach its decision' and insert 'publish its recommendations'.

Amendment No. 85, page 21, line 39, leave out 'reach its decision' and insert 'give its response'.

Amendment No. 37, page 21, line 40, leave out 'approval' and insert 'consideration'.

Amendment No. 38, page 21, line 42, leave out 'reached its decision' and insert 'published its recommendations'.

Amendment No. 86, page 21, line 42, leave out 'reached its decision' and insert 'given its response'.

Amendment No. 39, page 21, line 44, leave out 'reach a decision' and insert 'publish the recommendations'.

Amendment No. 87, page 21, line 44, leave out 'reach a decision' and insert 'give a response'.

Amendment No. 40, page 22, line 1, leave out 'reach its decision' and insert 'publish its recommendations'.

Amendment No. 88, page 22, line 1, leave out 'reach its decision' and insert 'give its response'.

Government amendment No. 197

Amendment No. 89, page 22, line 7, leave out 'made the application for approval' and insert 'is or are proposing the scheme'.

Amendment No. 41, page 22, line 8, leave out 'approval' and insert 'consideration'.

Government amendments Nos. 198 and 199.

Amendment No. 42, page 22, leave out lines 14 and 15 and insert

'"application for consideration" means an application under section 125A for consideration of a quality contracts scheme;'.

Government amendments Nos. 200 to 203.

Amendment No. 91, in clause 24, page 22, line 26, leave out 'approvals' and insert 'consultation'.

Amendment No. 92, page 22, leave out lines 27 to 35.

Amendment No. 93, page 23, line 34, leave out '126C(8)' and insert '126C(5)'.

[Mr. Speaker]

Government amendment No. 204

Amendment No. 44, in clause 25, page 23, line 40, leave out 'applications for approval' and insert 'Quality Contract schemes'.

Amendment No. 45, page 24, leave out line 3 and insert 'authority proposing to make the scheme'.

Amendment No. 46, page 24, line 5, leave out paragraph (a).

Amendment No. 47, page 24, line 28, leave out ', or to the approvals board for England,'.

Amendment No. 48, page 24, line 34, leave out paragraph (b).

Amendment No. 49, page 24, line 40, leave out paragraph (e).

Amendment No. 50, page 25, line 3, leave out subsection (4).

Amendment No. 51, page 25, line 8, leave out 'or (e)'.

Amendment No. 95, in clause 26, page 25, line 13, at end insert—

'(1A) For the heading "Making of a scheme" substitute "Requirements of a quality contracts scheme".

(1B) Subsection (1) is omitted.'.

Government amendment No. 205

Amendment No. 96, page 25, line 14, leave out subsections (2) to (4).

Amendment No. 52, page 25, line 14, leave out subsection (2), and insert—

'(2) Leave out subsection (1) and insert—

"(1) Once the appropriate national authority considers the scheme the authority or authorities who proposed it may make it, with or without modifications, at any time not later than 6 months after the date on which the recommendations of the approvals board are published."'.

Amendment No. 53, page 25, line 24, leave out 'approvals board for England' and insert 'authority proposing to make the scheme'.

Government amendment No. 206.

Amendment No. 97, page 26, line 15, leave out 'periods mentioned in subsection (1), (1A) or' and insert 'period mentioned in subsection'.

Government amendments Nos. 207, 208, 122, 123 and 209 to 221.

Amendment No. 54, in clause 30, page 28, line 36, leave out 'approval' and insert 'consulting'.

Amendment No. 55, page 28, line 37, leave out 'section 126' and insert 'section 125A'.

Amendment No. 56, page 28, line 40, leave out 'approval' and insert 'consulting'.

Government amendments Nos. 222 and 223.

Amendment No. 57, in clause 31, page 29, leave out line 4 and insert

'(1) Section 125A (consideration of proposed scheme)'.

Government amendments Nos. 224 to 235.

Amendment No. 58, in clause 32, page 31, line 28, leave out 'approval by appropriate approval' and insert 'consulting by appropriate consulting'.

Government amendments Nos. 236 and 237.

Amendment No. 59, in clause 33, page 31, line 39, leave out from second 'the' to 'as' in line 41 and insert 'authority proposing the continuation of the scheme'.

Government amendments Nos. 238 to 242.

Amendment No. 60, in clause 34, page 32, line 19, leave out paragraph (a) and insert—

'(a) leave out paragraph (a) and insert—

"(a) requires the consideration of the scheme by the consulting authority which published recommendations on the scheme in accordance with section 125A, and".'.

Government amendments Nos. 243 to 254.

Amendment No. 61, in clause 35, page 33, line 25, leave out paragraph (c).

Government amendments Nos. 255 and 256.

Amendment No. 62, in clause 36, page 33, line 30, at end insert—

'(2A) In subsection (1)(b) leave out "approval" and insert "consideration"'.

Government amendments Nos. 257 and 258.

Amendment No. 63, page 33, line 33, at end insert—

'(3) (b) in paragraph (e) leave out "approval" and insert "consideration"'.

Government amendments Nos. 259 to 263, 124 and 125 to 138.

Amendment No. 98, in clause 61, page 55, line 9, leave out from 'it' to end of line 10 and insert—

'(a) it provides that a PTE shall cease to have the power under section 10(1)(viii) of the TA 1968; or

(b) it would prevent the carrying of passengers by road by the PTE in pursuance of the power inserted into the TA 1968 by subsection (7).'.

Amendment No. 99, page 55, leave out line 15.

Amendment No. 100, page 55, line 17, at end insert—

'(7) For subsection (1)(i) (power of PTE to carry passengers by road) substitute—

"(i) in the event that a quality contract within the meaning of section 124(4) of the Transport Act 2000 is terminated or local services undertaken to be provided under such a quality contract cease to be provided in whole or in part, to carry passengers by road within, to and from that area for the purpose of maintaining local services provided in the area to which that quality contract related, for a period not exceeding 12 months from the date of the termination of the quality contract or the cessation of the local services or such longer period as may be approved by the relevant traffic commissioner as being in the public interest;".'.

Government amendments Nos. 264 and 265.

Paul Clark: I am delighted to be able to take the Bill through its Report stage and Third Reading. I genuinely believe that it has the potential to help local authorities, bus operators and passengers alike to achieve substantial change in bus services and other provision to reduce congestion and climate change problems.

Norman Baker (Lewes) (LD): By and large, I welcome the Government's proposals, which I think constitute a move in the right direction. I congratulate the Minister and his colleagues on listening to the comments that were made in Committee. However, this vast raft of amendments was tabled very close to the Report stage. Given that the Committee stage ended some months ago, it would have been helpful if the Government had published their intentions rather earlier.

Paul Clark: I thank the hon. Gentleman for welcoming me and the amendments; I am sure that if we had not introduced them we would have been accused of not listening and of failing to take due account of the deep discussions in Committee, which I have read about and spoken about with the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Doncaster, Central (Ms Winterton), who took the Bill through Committee.

3.45 pm

We appreciate that there are many amendments in this group, but they can conveniently be discussed under four separate headings: first, the Government's proposal to replace quality contracts scheme approval boards in England so as to place the decision making squarely in the hands of local authorities; secondly, proposals to strengthen further the employment protections already contained in the Bill for bus company workers; thirdly, provisions to enable local authorities to operate bus services as the operator of last resort in certain very limited circumstances; and fourthly, some technical amendments to clause 44, which enables additional non-quality contract bus services to be registered within a quality contracts scheme area in certain specific circumstances. It might be helpful if I take the time to go through the amendments that stem from those four areas.

There was healthy debate in Committee about the Bill's provisions for proposed quality contracts schemes in England to be approved by independent approval boards rather than the Secretary of State. Several hon. Friends, as well as the hon. Members for Lewes (Norman Baker) and for Manchester, Withington (Mr. Leech), raised questions about the proposed new approval process, and the Government agreed to consider them further. Members will be aware that we are very much in favour of devolution to local authorities; indeed, much of the Bill is aimed at achieving precisely that. However, it is also important to recognise that quality contracts schemes could have substantial impact on bus operators—particularly smaller operators—in an area and the drivers, maintenance staff and others whom they employ. The Government have consistently made it clear that we see a crucial role for independent scrutiny of local authority proposals for quality contracts schemes, and I stand by that commitment that we clearly outlined in Committee. At the same time, the Government have carefully listened to Members and local authorities who have argued with some passion that the final decision about quality contracts schemes should be placed squarely in the hands of locally elected members.

In the light of those arguments, the Government have tabled new clauses 13 to 19 and amendments Nos. 163 to 265. The amendments would ensure that local authorities took the final decision on whether a quality contracts scheme should be made in their area, but they would also preserve an important role for independent scrutiny to ensure that the legitimate interests of bus operators remain protected. First and foremost, the amendments would replace the proposed approvals boards for England with quality contracts scheme boards, which are called QCS boards in the amendments. Instead of making the final decision as to whether a scheme should go ahead, the role of a QCS board would be to provide an opinion and, where appropriate, to make recommendations to the local authority. The scrutiny would take place at the end of the consultation process, so that the QCS board could form its opinion in light of the comments made by consultees, but it would be for the local authority to take the final decision having considered the QCS board's opinion and recommendations.

I have taken careful note of the points raised in Committee about the remit of those boards, and the amendments now spell out much more clearly their precise role. There are two aspects to that role. First, the boards are to consider whether the local authority has satisfied the statutory requirements to give notice of their proposed scheme and to consult on it. Secondly, they are to consider whether the proposed scheme meets the public interest criteria set out in the Bill. Those criteria are whether it is likely to benefit passengers, increase patronage and contribute to the authority's local transport policies in an economic, efficient and effective way, and whether any adverse effects of the scheme on operators are proportionate to the benefits that will result from it. That makes it clear that the QCS boards will be focused on considering the proposed scheme. They will not be delivering opinions or recommendations on wider matters such as the authority's local transport policies, which are rightly a matter for the authority itself in consultation with the electorate.

My right hon. Friend the Member for Doncaster, Central, set out clearly in Committee why it is important for the Transport Tribunal to have a role in the QCS process. In particular, the intention is to provide a quicker, more accessible and less costly alternative to judicial review. The role of the Transport Tribunal is equally important under the Government's latest proposals, but at the same time we have listened carefully to the point made by Labour Members that we need to avoid needlessly creating a two-stage process for local authorities.

Mr. David Clelland (Tyne Bridge) (Lab): On the Transport Tribunal, my hon. Friend will be aware that the Tribunals, Courts and Enforcement Act 2007 makes provision for two tiers of tribunal, the lower and the upper. On the face of things that may be fine, but under the Bill the first appeal would be to the integrated transport authority itself. Surely we will not then have two further tiers of appeal, as that would be over-bureaucratic. Will he clear that matter up?

Paul Clark: I thank my hon. Friend for that comment. He is absolutely right that under the 2007 Act, sectoral tribunals will be done away with in favour of the new first-tier and upper tribunals. Decisions on interim arrangements and which levels will be used are still being consulted on, but we are keen to ensure that processes are not drawn out by any individuals or groups. The Bill contains provisions on that point, which we are keen to recognise. I add that if a QCS board states its opinion that the five public interest criteria are met and that the authority meets the statutory consultation obligations, the right of appeal to the tribunal will be limited to points of law.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Will my hon. Friend clarify how the public interest criteria that he set out will be determined by elected members rather than an appointed board?

Paul Clark: The proposing transport authority will need to do a cost-benefit analysis using the five public interest criteria laid out clearly in clause 19, including the benefits for passengers and whether they are delivered in an economic way. It will have to follow all five of those criteria. That will have to be set against any disadvantages for operators, and the effect of delivering the revised and new contracts schemes must be proportionate. We would expect traffic commissioners to use other schemes within industries as a benchmark against which to judge if needs be, but in the first instance the authority will need to do a cost-benefit analysis using those five criteria.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I note my hon. Friend's comments a moment ago about the Transport Tribunal. May I push him a little further on that point? Will he commit to discussions with the Ministry of Justice to ensure that when the new tribunal framework to replace the Transport Tribunal is finally in place, it is no more onerous for local authorities than the current arrangements? That is a very important point.

Paul Clark: I assure my hon. Friend and the House that we are consulting our colleagues at the Ministry of Justice on how the appeals should be handled. Hon. Members will be aware that the provisions are that if the QCS board gives the scheme a clean bill of health on meeting the requirements, an appeal can be made only on points of law. If a clean bill of health had not been given, there would a wider opportunity for an appeal to be taken, and that would happen through the different tiers. It is possible that appeals on points of law would be taken by the upper tribunal and other appeals would be taken through the first tier, but that is open to a discussion, which we will take forward. I hope that clarifies matters on the tribunals.

A number of existing features of the Bill would remain unchanged. For example, a QCS board would still be chaired by a traffic commissioner, who would sit alongside two people from a panel of independent experts to be appointed by the Secretary of State. The Secretary of State would still have the power to specify in regulations a target time limit for the QCS board to complete its deliberations. In contrast to what is proposed in amendments tabled by my hon. Friends and by the Liberal Democrats, the Government are not proposing any significant changes to the arrangements in Wales. As applies now, schemes in Wales would be considered by the Welsh Ministers, which is fully in line with the preferences expressed by Welsh Assembly Members.

Some other refinements to the Bill's QCS provisions are proposed. For example, the amendments would give the local authority the option—I should emphasise that it is an option, rather than an obligation—to begin the process of tendering for quality contracts while an appeal to the tribunal is in progress. Previously, the Bill would have prevented that, but it should help to speed up the overall process of implementing quality contracts schemes, helping to address another concern expressed by hon. Members in Committee and on the Floor of the House.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I congratulate my hon. Friend on his new post. I welcome the amendments and new clauses that the Government have tabled. They are very much in the spirit of local responsibility and local accountability, and that is what Labour Members believe in. Does he have any idea of how long the board's deliberations might take? Will he assure us that, as part of those deliberations, there will be no requirement to go back to any of the operators to seek their views on the board's comments, and that if there is a discussion between the board and the transport authority, there will be no obligation to involve the operators in it?

Paul Clark: I thank my hon. Friend for his comments in welcoming me to my post. How long the process takes will depend, in part, on the nature of the scheme. Obviously, a city-wide scheme will take longer than a localised scheme because of the advance work needed build up to having a scheme to work with, regardless of any provisions in the Bill; the time needs to be taken for that to be done.

The Secretary of State will have the power to specify time limits for boards and we will consult on the time limits in the next few months. As I recall it, my right hon. Friend the Member for Doncaster, Central indicated in Committee that we are considering time limits of six weeks and, as I have said, allowing invitation to tender to happen while the appeal is taking place. Such an approach will focus minds on ensuring that the goal is to deliver quality bus services that are fit for purpose in our cities and towns, and fit for passenger use today.

I hope that my comments have reassured hon. Members that the amendments will address the key concern expressed in Committee that it should be for elected local authorities to take the decision on whether quality contracts schemes should go ahead.

4 pm

Mr. Betts: I was trying to tease an answer out of my hon. Friend on a second question. Is it the case that once the transport authority has consulted and set out a scheme, the board will look at it? From then on, the discussion is between the board and the transport authority, without the operators having the right to be consulted again or have further input into the process.

Paul Clark: My hon. Friend is right that there would be no requirement to consult the operators again. In fact, the QCS boards will consider the scheme only after the consultation process, when everyone has had the opportunity to participate.

Ian Stewart (Eccles) (Lab): I thank my hon. Friend for his clear delineation of the role of the QCS boards, but can he assure me that any future guidance given to them will reiterate their role as being to determine whether a scheme has met the statutory criteria, not whether it is the only or even the best scheme to deliver best practice on buses?

Paul Clark: The role of the QCS boards is clearly laid out. They judge whether due process has been followed and whether a scheme meets the five public interest criteria. It is not their role to make a judgment about a local authority's overall transport policies. I hope that my hon. Friends and the Liberal Democrats will conclude that the Government amendments address their concerns and will therefore not seek to press them.

Government amendments Nos. 124 to 128 deal with TUPE and pensions issues. There was a good debate in Committee about the ways in which a quality contracts scheme could affect bus workers in the area concerned. I agree wholeheartedly with those who argued in Committee that we need to ensure that appropriate protections are put in place to safeguard bus workers' interests. That is why the Government tabled amendments in the other place, so that the protections afforded by the TUPE regulations would apply where employees transfer to a new employer on the coming into force of a quality contract. Those amendments were a considerable advance on the Transport Act 2000 as it was originally enacted, which contained no provisions about TUPE. Nevertheless, we listened with great care to the points raised in Committee by several hon. Members, and especially by my hon. Friend the Member for Manchester, Blackley (Graham Stringer). In light of that debate, I am pleased to be speaking to Government amendments Nos. 124 to 128 today. These amendments will further enhance the protections that the Bill already provides.

Government amendment No. 124 describes an additional situation that is to be treated as a "relevant transfer" for the purposes of the TUPE regulations—that is to say, an additional situation where the protections of TUPE will apply. When a local authority has awarded a quality contract to somebody other than the incumbent operator, there is a risk that the incumbent might decide to withdraw from the local bus market before the contract comes into force. That could lead to a short-term gap in bus service provision, which the local authority may well decide to fill by means of a subsidised service agreement with another operator. The amendment provides for such a situation to be treated as a "relevant transfer" for the purposes of the TUPE regulations, so that the incumbent operator's workers can benefit from the same protection as the Bill already provides in relation to services that transfer straight to the quality contract operator. Government amendments Nos. 125 and 126 are consequential on Government amendment No. 124.

Ms Angela C. Smith: I echo the comments made a moment ago by my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), and welcome my hon. Friend the Minister to his role on the Front Bench. I also warmly welcome the Government's efforts to ensure that TUPE provisions apply when a quality contract is introduced. Will my hon. Friend confirm that where the amendment refers to the

"coming into force of a quality contract"

it means the point at which the scheme comes into operation?

Paul Clark: That is my understanding of the exact operation of the amendment. It affords protection from that very moment.

Government amendment No. 127 is a technical amendment, intended to provide certainty that the pension protections afforded by sections 257 and 258 of the Pensions Act 2004 will apply when there is a TUPE transfer in connection with a quality contracts scheme in exactly the same way as those protections apply to a normal TUPE transfer. Those sections of the Pensions Act set out the minimum level of pension provision that must be made available to a person who is subject to a TUPE transfer and who had pension rights before that transfer.

Amendment No. 128 is also about pension protection. It provides a power to make regulations to specify pension protection requirements over and above that afforded by the Pensions Act. It also places a duty on the Secretary of State to exercise that power to ensure that workers involved in the provision of bus services in the scheme area before the scheme was made do not lose out in pension terms as a result of the scheme.

The Government's intention is to draw on the existing arrangements that apply where a local authority outsources activities that were previously undertaken by the authority in house. Under those arrangements, workers who transfer from the authority to the contractor are granted rights to acquire pension benefits that are the same as, or count as being broadly comparable to or better than, the pension rights that they had before the transfer. Our amendments will provide a similar level of protection.

The detail of how that protection will work will be set out in regulations, which is consistent with the local authority analogy, where the details are set out in directions. That will enable the Government to consult fully with trade unions, local authorities and bus operators before finalising the detailed provisions. The amendments provide, on the face of the Bill, a clear minimum level of protection that future regulations will have to provide for particular employees.

Ian Stewart: I am pleased to hear about the developments that the Government have placed in those amendments, but will my hon. Friend clarify that the trade unions can now enter into discussions and negotiations with the employers about pensions on the basis that he has outlined?

Paul Clark: We are making that provision in the Bill, and as I said, we will be consulting on our guidance and so on with trade unions and bus operators alike to take the provisions forward. They are clearly laid out on the face of the Bill to give a true minimum position.

I shall now turn to Government new clause 9, together with Government amendments Nos. 121 and 122. In Committee, my hon. Friend the Member for Manchester, Blackley and other hon. Members made an eloquent plea that passenger transport executives that are running a quality contracts scheme should have the power to take over operating the buses if the contractor goes into liquidation or for some other reason is no longer able to provide services under the quality contract before that contract is due to end. They accepted that such a power would not be easy to use and would be used only in an emergency, and they drew attention to similar powers with regard to franchised railway services. My right hon. Friend the Member for Doncaster, Central promised to consider the matter further in the light of the debate. The Government have now done so, and I am pleased to have moved new clause 9.

My hon. Friends have also tabled amendments similar to those that they tabled in Committee. There is not an enormous difference between the two sets of amendments, so I shall describe those tabled by the Government. They consist of a new clause whose effect would be to empower a local transport authority to operate interim services, and two minor consequential amendments. The proposed new power would allow a local transport authority to provide services as an operator of last resort in a quality contracts scheme area. That would be

[Paul Clark]

possible only when a quality contracts operator ceased to provide the contracted services before the quality contract was due to expire. The power could be exercised by the local authority only for a time-limited period. In one respect, the power goes further than amendments Nos. 98 to 100, tabled by my hon. Friends, as it would apply to any local transport authority in England or Wales that has made and brought into force a quality contracts scheme, whereas their amendments would apply only to areas with passenger transport executives. It is nevertheless a modest and limited power; it applies in only a very specific set of circumstances, and it certainly would not give local authorities a general power to run bus services.

Mr. Clelland: I entirely understand where my hon. Friend is coming from, and new clause 9 is very welcome. He says that the power will be time-limited. What will happen if the time runs out, but a new operator has not been found?

Paul Clark: I thank my hon. Friend for that intervention. The power is time-limited; the proposal is that the time should be limited to nine months, with the option of having a further three months thereafter. It is, in our opinion, highly unlikely that a transport operator would not be found, because if things got to that stage, I suspect that the proposed scheme would not have met other criteria. Our genuine belief is that it is highly unlikely that we would end up in the situation that he describes.

Norman Baker: The Liberal Democrats welcome the new clause as a sensible step in the right direction. My only question is about the difference between the nine-month period and the 12-month period to which the Minister referred. The last three months are subject to approval by the traffic commissioner. Is the Minister planning to publish guidelines on the circumstances in which the traffic commissioner would be empowered or encouraged to give that three-month extension? As the times—nine and 12 months—are quite limited, presumably any discussion with the traffic commissioner would have to begin some time before the nine-month limit was up.

Paul Clark: Obviously, in the situation that we are describing, the traffic commissioner would watch things closely in the interim period in which a local authority was acting as an operator of last resort. As I have indicated, we are consulting on how provisions in the Bill will operate, and that is another way in which consideration will be given to the matter. Now that my hon. Friends have heard what I have said about the new clause—in particular, now that they know that it would apply not just to PTEs but to local transport authorities elsewhere in England and Wales—I hope that they will be persuaded not to press amendments Nos. 98 to 100.

Finally, I turn to Government amendments Nos. 123 and 129 to 138. Clause 44 will, in certain circumstances, enable local bus services to be registered in an area covered by a quality contracts scheme. The amendments are essentially technical amendments to improve the clause. They look rather complicated—they certainly did to me—but the intention is fairly straightforward; it is to set up a procedure for varying bus registrations when, exceptionally, they apply within the area of a quality contracts scheme. The general rule is that bus operators cannot register services in the area of a quality contracts scheme, but clause 44 provides a procedure for them to do so if the authority that made the scheme is satisfied that the proposed service would not be detrimental to the scheme. A service that has been registered under those new provisions may subsequently be varied or cancelled. Clause 44 makes no provision for that, so the normal process for varying registrations under section 6 of the Transport Act 1985 would apply. Under the Bill as it stands, that means that it would be possible for an operator to register a service that the local transport authority is happy to accept, but then to vary it in a way that the authority would not be happy with.

4.15 pm

Clause 44 as drafted does not adequately address the issue, and neither does the Transport Act 2000. The purpose of this group of amendments is to rectify that. Some variations to the registrations—probably most of them—would be perfectly acceptable to the authority that approved the service in the first place, but others could totally change the nature of the service in ways that the authority could not have anticipated and which would have an adverse effect on services within the scheme. It is only right that the authority should have an opportunity to comment before the traffic commissioner accepts the variations.

The Government have considered whether a similar procedure for cancelling registrations is also needed, but have concluded that it is not. As the local transport authority did not make provision for these services in its quality contracts scheme, it would presumably not be detrimental to the scheme if they were withdrawn. If the authority thought subsequently that the services were valuable, it would have the option to vary the scheme so as to include them. The amendments therefore deal only with service variations.

I have spoken at some length about the amendments, but I make no apology for having done so. They are significant amendments, nearly all of which have been tabled in response to right hon. and hon. Members in the Public Bill Committee. I conclude by thanking all those who have contributed to the development of the Bill. I hope the amendments will substantially improve the Bill, and I hope right hon. and hon. Members in all parts of the House will support them.

Stephen Hammond (Wimbledon) (Con): I welcome the Minister to his new role and commend him for his courage in taking on the Bill at this stage. I agree entirely with the intervention made by the hon. Member for Lewes (Norman Baker).

The Government's management of the process and of this part of the Bill has been shambolic, illogical and discourteous—shambolic because in the past 10 days they have produced no fewer than 165 new amendments and 12 new clauses, and illogical because a number of those new clauses make a nonsense of what the previous Minister told us in Committee was absolutely necessary. Some of the concerns that she raised to objections to the approvals board and some of the justifications that she gave us for the approvals board have proved to be a

nonsense. Finally, the Government's management of this part of the Bill has been discourteous to the House. We finished consideration of the Bill in Committee on 8 May. The Government chose to wait until 17 October to produce the bulk of their amendments. Last Thursday, the very last business day before Report, they produced another three amendments and another new clause.

Some of the amendments in this large group are substantive, some are technical and some are consequential. A number of amendments have been tabled by my hon. Friends and me to Government new clause 9. I understand the necessity for the new clause, if it is a clause of last resort. The Minister has just assured us that he sees it as such, and that there is no chance of its being a back-door way for local authorities to start running bus companies again.

There is a real possibility that bus operators, particularly small operators, may go out of business in the current climate. We are already seeing operators struggle as a result of the iniquitous distribution of funds for the concessionary fares scheme. The underfunding of the national scheme is threatening the scheme and already driving bus services off the road. My hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill) and I were both contacted last week by Mr. Peter Shipp, the chairman and chief executive of the East Yorkshire Motor Services Group, who described the difficulties facing his firm. He spoke of "disastrous consequences" and a

"situation that is getting worse, not better"

because of the underfunding of the national concessionary scheme.

Furthermore, in an age of rising fuel costs and the uncertainty surrounding the bus service operators grant, more small operators will find it difficult to survive. The clause provides for that and for the scenario where an operator gets into trouble because it is tied into a quality contract and can no longer fulfil its obligations. If an operator goes out of business, it is clear that those who use its services need to be protected. It is therefore right that local authorities should be able to step in as operators of last resort, but only for a limited period. Provided that it is for the limited period that is the premise of the Bill, I understand the necessity for it and will support it. However, I am concerned that people may use it as an excuse to return bus services for a prolonged period to be run by local authorities, thus depriving the sector of the private sector funds and innovation it needs if it is to flourish.

I see the necessity for the new clause, but it must not be a back-door route. Normal services should be resumed as quickly as possible in the event of an operator going out of business, and my new amendments (a), (b), (c) and (d) would place an obligation on the local authority to invite tender for the provision of replacement services no later than a month after the termination of the original service. Amendment (b) is of particular significance because it would firmly place an obligation back on the local authorities to ensure that they did not take their time, that services continued and that the tender was put out. That strikes me as reasonable and generous.

It cannot be beyond the organisation of local authorities—be they local transport authorities or councils—to arrange the tender for a new route within a month. Failure to do so could jeopardise the service and the route, and they would have to accept that urgent action should be initiated. My amendments (g), (h), (i) and (j) would ensure that once arrangements had been made for a replacement service to begin, the authority would cease to be the operator within six months. That is a sensible and generous period; after all, the Minister has just reassured us that he does not expect anyone not to wish to be involved in the tendering process.

Amendments (e) and (f) are inspired by my firm belief that partnership arrangements are considerably preferable to quality contracts. As we have seen in a number of cases, partnerships have brought innovation and good and efficient services, and they are proven to work. When an operator has failed, for whatever reason, to fulfil its obligations under a quality contract, surely it is irresponsible and short-sighted to replace that quality contract with another. That method has been tried and it has failed. If something is broken, why would we replace it using the same broken method? That would be illogical. I suggest that we at least provide the option of it being replaced with something that works. There should be an option to replace a failed quality contract with a voluntary or statutory quality partnership.

Norman Baker: All three parties agree that we are discussing a matter of last resort. However, I am struggling to understand how on the one hand we can tell local authorities to look at alternatives to what was in place, while on the other trying to reduce the time that they have to discuss the matter before they have to go out to tender again.

Stephen Hammond: I do not think that the local authorities would have any difficulty in putting in place a statutory quality partnership or a statutory quality contract. Like me, the hon. Gentleman knows that if local authorities wish to operate a route, they will do so and get a tender for it very quickly.

Quality contracts have seemed to be failing. I have looked for hard evidence of where local authorities are looking to implement quality contracts because they think that there will be an improvement over and above quality partnerships. I have seen no evidence of quality contracts having delivered anything more beneficial than a quality partnership has.

Ms Smith: I thank the hon. Gentleman for giving way. If the quality contracts under this new law prove successful, as Labour Members truly believe they will, will the hon. Gentleman's party commit itself to not repealing this legislation if it forms a Government in future?

Stephen Hammond: I thank the hon. Lady for that intervention. She knows the answer, as I made my position clear throughout the whole Committee stage, just as my hon. Friend the Member for Scarborough and Whitby made his clear on Second Reading. We do not believe that quality contracts will be successful. We believe that they will be detrimental, and a future Conservative Government will repeal them.

Ms Smith: My point was this: if Labour Members are right and they prove to be successful, will the Conservatives change their minds?

Stephen Hammond: As I said, we do not believe that they will be successful. Throughout the passage of the Bill, I have asked for someone to produce evidence of any reason why a quality contract would provide benefits over and above a voluntary partnership or a statutory quality partnership, but no passenger transport authority from anywhere in the country, or anyone else, has produced that evidence.

Norman Baker: If the Conservatives form a Government, what will be their position if a quality contract has been entered into by a local authority? Will they require it to withdraw from that contract?

Stephen Hammond: The hon. Gentleman and I share one ambition—that the next general election should be fairly soon. Even if it were 18 months away, I would advise that quality contracts should not be entered into.

I accept that new clause 9 is necessary, but it would be much improved by the amendments that I have outlined. We will test the will of the House at the appropriate time, particularly on amendment (b), which would give a clear statement and clear guidance on this point.

I turn to Government new clauses 13 and 14 and my amendments thereto. The Minister took some time to talk about scrutiny boards. This is undoubtedly the most controversial element of the Bill, and it makes what we have seen today all the more astounding. We spent many sittings of the Public Bill Committee discussing the proposed approvals boards for quality contracts schemes. The then Minister, the right hon. Member for Doncaster, Central (Ms Winterton), went to great lengths to spell out the benefits of approvals boards, telling us that

"if an appeals process is in place, it is much more difficult to get leave to go to judicial review."—[*Official Report, Local Transport Public Bill Committee*, 29 April 2008; c. 160.]

We were told that approvals boards were more flexible, would help to introduce quality contracts, and aided local autonomy. Since then, operators, local authorities and other stakeholders have formed their response to the Bill around the concept of approvals boards, yet at the very last minute the new Minister has introduced a whole new approvals process. I cannot be alone in being surprised and dismayed by this last-minute change of heart. Over the past 12 months, I have had countless meetings with various stakeholders to discuss the merits and demerits of approvals boards.

Graham Stringer (Manchester, Blackley) (Lab): As always, I am listening carefully to the hon. Gentleman. Does he accept that he is being inaccurate when he says that local authorities have formed their plans on the basis of what was said in Committee? Passenger transport executives and authorities, and other transport authorities, have continued to lobby the Government for something along the lines of these Government amendments, so his comments are completely inaccurate.

Stephen Hammond: The hon. Gentleman might think so, but I do not agree. Several local authorities have formed a response on this basis. Would we have had these amendments if this Report stage and Third Reading had been on 8 July, as they were due to be? I do not think so. We have been given just a week to examine these proposals. What is the point of having long consultations if the goalposts are to be shifted at the 11th hour? The Government's conduct over the summer beggars belief. We are all prisoners of their whims, but not, I hope, for much longer.

Let us consider some of the detail that the new Minister described. In his letter to the Chairman of the Public Bill Committee, he said that the amendments would replace existing provisions about quality contracts and put in place quality contracts schemes scrutiny boards. We have not even had a chance to see whether the approvals boards will work, but we are replacing them with scrutiny boards. If approvals boards were so necessary in May, why are they now redundant? The Minister seems to be making a fool out of the previous Minister: his amendments wreck her "much needed protection" of May. The amendments undermine the credibility of his Department. If a Department is thinking one thing in May, why would it suddenly be thinking another thing in October? It has listened to one set of legal advice in May, and is now contradicting itself after listening to another set of legal advice in October.

4.30 pm

The assertion that new quality scrutiny boards

"respond to concerns raised in Public Bill Committee"

may or may not be true, but it does not seem very true. If the Government wanted to respond, they could have done so in any of the numerous sittings of the Committee, but they did not? It simply will not do. If the approvals board would have reduced the risk of a judicial review, it seems only logical—and the new Minister did not answer this point—that quality contracts scrutiny boards will increase that risk. A quality contracts scrutiny board offers only a non-binding opinion, potentially allowing the will of local authorities to prevail whatever happens. It brings into serious doubt the Minister's comments in his letter about

"preserving safeguards for legitimate operators".

The boards clearly do not do that, and there is a clear prospect of many more costly judicial reviews.

The Minister claims that if a quality contracts scrutiny board provides an opinion that the authority's proposals meet the statutory public interest criteria, the rights of appeal will be restricted to points of law, but he forgets the law that his Government passed. There is considerable legal opinion suggesting that the Human Rights Act 1998 will simply not allow that, and legal opinion has been given saying that that point will be tested time and again in the courts. If operators can appeal on points of fact at any stage, is it not likely that each new quality contract will be different, and challengeable on each point of fact?

It seems fairly clear that the Government's change of heart on this matter is nothing to do with ensuring that the much needed protection the previous Minister described is in place, but is more designed to appease and pacify those who still live under the illusion that re-regulation is the golden ticket to increased bus patronage. I cannot help but suspect that the new clauses will not have the impact the new Minister desires, and will lead to a huge number of costly judicial reviews for operators, and more importantly, for local authorities.

Paul Clark: The provision of the boards and the inclusion of due process and the five public interest criteria is about recognising the balance needed between

the legitimate requirements of operators currently running those services and—quite rightly—the decision-making process of democratically elected authorities. The due process and the five public criteria tests are intended exactly to ensure that minds are focused and that we avoid long, drawn-out judicial review processes.

Stephen Hammond: Yet again, the Minister has not answered my point about the Human Rights Act. I am sure that we will come to that again later.

There are a number of further questions that the Minister needs to answer if he is to convince anyone that the scrutiny boards are going to work. What is the purpose of such a board if it has no powers? We are told that its role is advisory, which is fine, but if in practice the board throws out a proposed scheme and the authority seeks to go ahead with it anyway, is it not true that an appeal can be made to the Transport Tribunal? Is it not therefore the case that the Transport Tribunal holds the ultimate power? How will the QCS boards carry out their functions? If an authority says to a board, "Our scheme will increase patronage by 5 per cent.", how will the quality contracts scrutiny board determine whether that is a valid prediction? Will it have to conduct as thorough a consultation as the authority, or does the Minister claim that due process does not involve consultation? In what circumstances does he believe that the outcome of an application for a quality contracts scheme will be different under the new arrangements from that under the previous arrangements, or, indeed, from that under the arrangements that the hon. Member for Manchester, Blackley (Graham Stringer) proposes in his amendments? Is it not true that the same unelected people who would have sat on the approvals board will now sit on the tribunal? Is it not therefore unlikely that they will reach a different decision?

I repeat that concerns have been expressed for a long time that the provisions that we are considering might contravene the Human Rights Act and will be challenged in the courts. I fear that the new arrangements that the Minister is attempting to introduce today will make a possibility a probability. The new clauses are so important and so potentially detrimental to bus services that I will, with your permission, Mr. Deputy Speaker, test the will of the House at the appropriate time, especially with regard to new clause 13.

We went into great detail in Committee about the composition of the boards, and my concerns remain. I urged the Government to ensure that the people on the boards were appropriately qualified and experienced and, of course, independent. I also urged them to ensure that the Secretary of State could not interfere too much in the boards' processes and procedures. I tabled a host of other amendments, which were designed to fine-tune the role and procedures of the boards. I do not intend to revisit all those issues, because we do not have time, but the amendments would have improved the Bill.

Let me explain the rationale behind the amendments that I have tabled to the new clauses. Amendment (a) to new clause 14 would ensure that when a local authority began to consult on its quality contracts scheme, it sent a copy of the consultation document to the QCS board. It would also ensure that, at the end of the consultation procedure, the board was sent copies of all further documents that the authority issued as part of the consultation—for example, replies to any responses that it received. Those changes are essential if the board is to take a complete and fair view of the consultation that has been carried out. After all, that is one of the board's main roles. I hope that the Minister accepts that the amendment is fair and uncontroversial. It would not place a significant burden on local authorities and would greatly help the QCS board to reach a fair decision about the consultation. I cannot foresee any reason for the Minister refusing to accept the amendment.

Amendments (b) and (c) would slightly extend the QCS board's mandate. If a board decided that the local authority that proposed a quality contract had not fulfilled its public interest criteria, it should be able to recommend that the authority consider scrapping the scheme. If the board decided that the local authority that proposed a quality contract had not fulfilled the Bill's the requirement to consult, it should be able to recommend remedial action to ensure compliance. These amendments would preserve the advisory function of the board while allowing local authorities to benefit from the expertise of those who serve on the scrutiny board.

I deal now with the amendments to new clause 15. There are two overriding reasons for my opposition to quality contracts schemes. First, the innovation of private sector investment working in partnership with local authorities throughout the country has meant that bus services improved in quality and quantity. I am worried that quality contracts will reverse that process, and that the travelling public will suffer. Let us remind ourselves that private investment in the bus services slowed the decline in patronage.

Mr. Clelland: The hon. Gentleman seems to be lauding the success of deregulation and privatisation, but patronage in passenger transport authority areas has halved since bus deregulation. Although there has been a slight increase of 9.5 per cent. over the past 10 years, most of that is down to increases in patronage in London. The situation outside London is no better—in fact, it is a lot worse—than it was in 1985.

Stephen Hammond: Yes, but there are two points about that. One is that patronage in county council areas has increased. More importantly, 86 per cent. of the decline in bus patronage since 1950, which is when bus patronage started, happened while buses were still regulated, not in the period of deregulation.

Mr. Paul Truswell (Pudsey) (Lab): Will the hon. Gentleman give way?

Stephen Hammond: I am sure that the hon. Gentleman will make exactly the same point, but I am happy to give way.

Mr. Truswell: The hon. Gentleman is very gracious, but I am not going to make quite the same point. Given his party's obvious antipathy to any form of regulation, no matter how diluted through quality contracts, will he extend that principle to London? Does he plan to tinker with a system that has delivered such great improvements in bus transport for passengers in the capital?

Stephen Hammond: My party is not opposed to all regulation. As the Minister does not know, but as his predecessor does, I supported the statutory quality

[Stephen Hammond]

partnership scheme throughout Committee and on Second Reading. As the hon. Member for Pudsey (Mr. Truswell) knows, the issue in London is a devolved matter and not something over which we have competence. However, my constituents in Wimbledon would say that the huge increases in the precept that the previous Mayor exacted from them were the reason why there might be more buses on the road, not regulation. There is no clear evidence that regulation has brought better bus services anywhere.

David Howarth (Cambridge) (LD): What has happened in Cambridge is often cited as an example of the success of partnerships. Nevertheless, the increase in bus patronage in Cambridge had rather more to do with the geography of an historic town, which allowed the county council more scope in restricting car traffic, and with the city council, unusually for a district council, offering a subsidy for buses. People in Cambridge would not reject the option of a quality contract, as the hon. Gentleman seems to be doing, which would have the additional benefit of allowing them to control fares. If a bus company has a local monopoly, the way it makes money is by restricting services and increasing fares.

Stephen Hammond: I am sure that the hon. Gentleman is looking forward to explaining to his constituents why a quality contract is necessary when all the benefits could be derived under a statutory quality partnership.

David Howarth: The point is that local authorities would benefit from having the option of moving to a quality contract if the current improvements continued, especially if fares continued to be high and if the volume of services was restricted. Having the option is fantastically beneficial, even if local authorities do not use it.

Stephen Hammond: But the hon. Gentleman has just given the lie to that argument. Everything that local authorities wished to achieve under a quality contract could be achieved under either a voluntary partnership or a statutory quality partnership. That is the key point.

The other reason I am concerned about quality contracts is that there is a chance that operators will challenge them in the courts. Quality contracts have damaging implications, the first of which is financial. In this day and age, the last thing that local authorities want is heavy legal costs. Quality contracts also have the potential to damage the relationship between the local authority and the bus operator. It is essential that that relationship should be good if good services are to be provided.

Proposed new section 127A(2) of the Transport Act 2000 says that anyone who was or should have been consulted by a local authority wishing to make a quality contract scheme has the right of appeal to the Transport Tribunal. Under normal circumstances, that could be done on either a point of law or a question of fact. However, new clause 15 says that if the QCS board has decided that a local authority has followed due process, the appellant loses that right.

As I have said before, that is likely to be tested in the courts under the Human Rights Act. My amendments therefore restore the much needed protection that the previous Transport Minister talked about when she did not want judicial reviews. My amendments (a) and (b) to the new clause would end that discrepancy and restore the right of appeal on a question of fact. That would be a major step forward in reducing the possibility of a judicial review.

4.45 pm

The second part of new clause 15 deals with the powers of the tribunal, were an appeal to be made. My amendments (c) and (d) would allow the tribunal to quash the decision of a local authority, not only where there were specific details in the scheme to be remedied. The right of appeal is undermined by the new clause, which would be undemocratic and unaccountable. I hope that the Minister will carefully consider the amendments that we have tabled.

New clause 16 provides that certain extensions to quality contracts will be exempt from having to go through the approvals process. It is my view that a suitably equipped and independent approvals regime is the key to this whole process. Every quality contracts proposal, and every quality contracts extension, should go through the approvals process. I do not believe that we should be able simply to extend a quality contract without it being subject to the procedures and processes of the expert and independent scrutiny board that has supposedly been set up for that very purpose. I hope that if the Government are still in listening mode, they will have regard to the concerns that were expressed in Committee and that are still being expressed on this matter.

There is a tranche of Government amendments in this group that are of a consequential nature. However, the substantive amendments Nos. 124 to 128 discuss the application of the Transfer of Undertakings (Protection of Employment) Regulations—the TUPE regulations. As employees are now to be afforded greater protection under TUPE in the case of the quality contracts scheme, and if there are extra costs to be borne as a result, who does the Minister think will bear those costs?

Amendments Nos. 224 to 239 relate to certain circumstances in which a quality contract is extended, but where the extension is deemed to be exempt from having to go through the full approvals process. I commented on this matter in Committee, and I have done so again today, so I shall not go into it again at length. However, I ask the Minister to consider seriously whether, having put in place an independent scrutiny process, he thinks it is right that a local authority should be able to extend the schemes without those processes and procedures being undertaken. Amendments Nos. 240 to 244 are in a similar vein.

I want to probe the Minister on amendment No. 262. It seems to provide that the Secretary of State may make provisions relating to individual quality contracts schemes, and even interfere in the whole approvals process. It seems, therefore, to be extremely significant. Will the Minister tell us in what circumstances he anticipates the measure being used, and for what reasons?

The Minister will have noticed that we have tabled five amendments in this group. I should like to explain the rationale behind them. Amendments Nos. 5 and 6 are crucial, as they seek—as I did in Committee—to tighten up the public interest tests that must be passed by any proposal for a quality contract. I have already

said that I oppose quality contracts, but if they are to be placed on the statute book, even for a limited period, they must be introduced only when the benefits of voluntary partnerships and statutory quality partnerships have been exhausted. The places where bus services have improved the most are those where there are strong partnership arrangements between the local authority and operators. That is absolutely the best way to align the local authority's priorities with the investment and innovation of the private sector, and such arrangements should be encouraged.

Amendment No. 5 therefore modifies the second of the five criteria that must be met by any proposed quality contracts scheme. It would ensure not only that the scheme brought the benefits and improvements for people using bus services covered by it, but that those benefits would be

"greater than those that would pertain under existing arrangements".

This is a straightforward, important and fundamental amendment, so I will seek your permission, Mr. Deputy Speaker, at an appropriate time to test the will of the House on it.

Amendment No. 6 would modify the last of the five criteria, which is slightly clumsy in stating that

"any adverse effects of the proposed scheme on operators will be proportionate to the improvement in the well-being of persons living or working in the area to which the proposed scheme relates".

That brings up a whole host of problems, as we discussed in Committee. How can personal well-being be quantitatively, or, indeed, qualitatively, measured? How can the effects of the scheme on local people be usefully compared with the effect on an operator?

The Minister's predecessor wrote to me on this subject on 20 May, following the Committee's final sitting, citing the European Court of Human Rights in explaining how this might work out in practice. I remain wholly unconvinced, as I do not believe that we are talking about like for like. My amendment would thus get rid of that ill-defined and awkward test and replace it with one that is not only simple, but measurable and more effective—namely, that there be

"no adverse effects of the proposed scheme on operators or on persons living or working in the area to which the... scheme relates".

My other amendments in the group relate to clause 20, which deals with the consultation document that any local authority must issue if it desires to make a quality contract. The local authority is required to publish the document

"in such manner as they see fit".

Amendment No. 7 would remove those words. Unlike other words in the Bill, I do not think that "publish" is open to wild misinterpretation. Government Members will recall our enjoyable time spent in Committee trying to define "economic", "efficient" and "effective", but we did not try to redefine "publish", which I do not think is subject to wild misinterpretation. The phrase

"in such manner as they see fit"

is unnecessary. The subsequent subsections of clause 20 prescribe quite tightly what must be included in the consultation document, so it is extremely unlikely that the authority would be able to get it wrong. I hope that the Minister will thus look kindly on amendment No. 7.

Amendment No. 8 extends the list of people to whom the consultation document, once published, is to be distributed. Those people are: the chief fire officer for each fire area, covering the whole or part of that area; the head of the local ambulance service; all persons living within 150 m of any part of the specified routes; and representatives of local groups representing disabled people. The problem is that the Government have set out a list that already includes certain people such as the chief of police; it seems odd that others who should be included are not. There is already a list of consultees, so it is difficult for the Government to argue that people who should be consultees are not on that list.

There was considerable support in Committee for this type of amendment. I had hoped that the Minister would revisit the issues through Government amendments on Report; I have looked for them in the huge barrage of Government amendments that the Minister tabled 10 days ago, but I did not see them there. I still hope that he will give these amendments serious consideration.

Amendment No. 9 re-addresses an issue that was brought up previously. We are going to have quality contracts scheme boards, which are to be chaired by a traffic commissioner, who is to be appointed by the senior traffic commissioner on the basis of his or her knowledge of the local area. Clause 22(8) states:

"If the senior traffic commissioner is unable to"

appoint a traffic commissioner, the Secretary of State will do so. I would be interested to hear from the Minister in what circumstances a senior traffic commissioner would not be able to carry out this duty. It is hardly his most arduous duty. When does the Minister expect the measure to be necessary and how will the Secretary of State consult to ensure that the traffic commissioner he appoints is an appropriate person?

Finally, I see that some new clauses have been tabled by the Liberal Democrats and the hon. Member for Manchester, Blackley. I do not propose to speak to those at length because in many ways they are similar to some Government amendments and I have already given our critique of those.

Graham Stringer: I shall speak to amendments Nos. 98 to 100, which stand in my name, Government new clause 9, new clauses 7 and 8, Government new clauses 13 to 19 and Government amendments Nos. 124 and 128, but before doing so I want to thank my right hon. Friend the Member for Doncaster, Central (Ms Winterton) for all the times, not just in Committee, that she debated the issues with right hon. and hon. Members on both sides of the House, as well as for the time that she took out to have discussions with us, the trade unions, bus operators and local authorities to try to get the Bill right. What she did was above and beyond the call of duty.

With all due respect to the Under-Secretary, my hon. Friend the Member for Gillingham (Paul Clark), I think that, thanks to the amendments, he and my right hon. Friend are presenting us with a much improved Bill. I am delighted with some of the amendments, and I will have one or two things to say about them, but there is no doubt that the Bill is going in the right direction and is much improved.

The position taken by the hon. Member for Wimbledon (Stephen Hammond) is extraordinary. He expects a Minister taking a Bill through Parliament, having listened

[Graham Stringer]

to arguments from all sides, never to change her mind. If we believed that, as he seems to, we could all save our time and not turn up for Public Bill Committees. His is an absurd position to take in a parliamentary democracy.

Stephen Hammond: As I said in my speech, the right hon. Lady listened in the Public Bill Committee, but gave no indication that she was going to change her mind. She told us that the process she was putting in place was essential and dismissed any objections, including those of the hon. Gentleman. That is why I said what I did.

Graham Stringer: We could look at the *Official Report* to find out, but my recollection is that my right hon. Friend, while arguing the case in defence of the Bill as it then stood, also made it quite clear that she would continue to discuss the matter with hon. Members and interested parties from both sides.

When answering my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith), the hon. Member for Wimbledon exposed his position. He wants to fight with the facts. He is at odds with the evidence. My hon. Friend asked him whether he would change the Conservatives' position and support a quality contract, once it was up and working, and once the evidence showed that it provided a better public transport system, better use of public money and that the travelling public liked it more. His answer was, "That can't happen." No. He is arguing with the evidence. That is because, unusually for him, he has taken up a completely ideological position. I do not know whether that has been forced on him from the centre of the Conservative party.

We have had the argument many times on Supply days, in Adjournment debates, in Bill Committees and on Second Reading. The evidence is overwhelming. I will not repeat it all, but we can compare London with the rest of the country, and also make comparisons with every other part of Europe. Every continental city has a regulated system. There may be more public subsidy or less, but the public transport systems in all those cities are better than the deregulated system that we have in this country.

5 pm

Mr. Truswell: Is there not another fatal flaw in the argument of the hon. Member for Wimbledon (Stephen Hammond)? He talks of the benefits of competition, but we know—especially those of us whose constituencies are in passenger transport authority areas—that such competition simply does not exist. We have de facto monopolies: evidence of that is seen every time a tender is made for a subsidised service. Usually there is only one tender, in some cases there may even be none, and, despite increasing levels of public subsidy for private operators, we are seeing no commensurate increase in services.

Graham Stringer: Precisely. My hon. Friend has exposed the aim of the Conservative party, which is to defend the vested interests of private bus companies rather than those of the travelling public outside London. Since deregulation, bus fares in passenger transport executive areas have doubled in real terms and patronage has halved. The profits—the bottom lines—of the bus companies are two or three times as great as before. Companies are making the same profits outside London as they are in London, where there is a better public service. Not for the first time in the Conservative party's history, it is on the side of vested interests and against those of public transport and the travelling public.

The hon. Member for Wimbledon is not just trying to fight the evidence from an ideological position. As may become clear when we discuss later amendments, he is also fighting against local democracy and local decision making. He recalled the arguments advanced by my right hon. Friend the Member for Doncaster, Central in Committee about the need to protect the process of moving from judicial review to quality contracts. The arguments were advanced for perfectly good reasons. The bus companies that are making two or three times as much profit since deregulation are going to fight like ferrets in a sack to prevent the introduction of quality contracts. It is not a question of partnership in most of the passenger transport executives.

There is, however, a major principle in opposition to the pragmatic facts that my right hon. Friend had to consider. Labour Members believe that matters that can be determined locally should be determined locally, by locally elected people. The hon. Member for Wimbledon would clearly prefer such matters to be determined by appointed people such as traffic commissioners, if that is possible.

I believe that my new clauses 7 and 8, and the Government's new clauses 13 and 19, solve the practical difficulty posed by the need to respect the wishes of locally elected people by proposing the establishment of a super-consultative body, the quality contracts scheme board, which must be consulted by means of a special process. It will be able to judge whether the public-interest criteria have been met, and, if there is agreement, the position for which we argued in Committee will be achieved. Bus operators will be able to appeal only on matters of process and procedure, which is as it should be.

I have one worry, and I would like my hon. Friend the Minister to comment on it. There is some ambiguity to the way in which the QCS board can view public interest, and one can go into all sorts of detail about whether a proposal is viable or is meeting the better public transport criteria—these are difficult issues. I have been either associated with or a part of local government for most of my adult life and I am a great supporter of local democracy, but I acknowledge that—very occasionally—local government introduce crazy schemes. I hope that there will be some guidance on this measure, even if only in response to my hon. Friend saying that it is intended to weed out any extraordinarily badly conceived or wacky scheme that local authorities might propose by making it possible to say to them, "This simply isn't going to work, chums, and you should go back to the drawing board", and that the intention is not to go into intricate details such as, for example, the percentage differences in the cost-benefit analyses of one route as opposed to another. This is an order of magnitude issue, and I would like some reassurance from my hon. Friend on it. I do not intend to press my amendments to a Division, however, and I shall support the Government new clauses.

On the TUPE amendments, I never had any doubt that the Government wanted to get TUPE right. This is a difficult issue, as there might be a gap between one

operator moving out and another operator coming in. I understand that a defining time for when a quality contract comes into operation appears in the Bill, but does not appear in the amendments. I would like my hon. Friend the Minister to say whether there is any significance in that, whether it is a difference without meaning, and whether it might be better if we were to use the same clear definition throughout the Bill.

On the operator of last resort and amendments Nos. 98 to 100 and Government new clause 9, as we argued in Committee, an operator of last resort is necessary; otherwise, large areas of the country and considerable proportions of the population could be left without any public transport. I do not share my Government's worry that such operators might try to re-municipalise bus services—I would welcome it if they did. However, leaving aside that possible back door to municipalisation, there is the possibility of a gap lasting longer than nine months plus three months on appeal. This is a particularly testing issue and bus operators might make a challenge on human rights or procedural grounds, leaving an area without services for longer than that period. My hon. Friend the Minister rightly proposes to allow quality contracts to start during this process. Where an integrated transport authority or a transport authority is searching for new operators because the operator has pulled out of an area, I do not think the market will be attracted to the area for what might be only a very short period. If there is a dispute in the courts, I can foresee times the process taking longer than 12 months. Will my hon. Friend reconsider that? The first nine months, to be used under normal circumstances, may well cover virtually all situations, but if a fight was going on, a three-month extension with all the safeguards that he has included may well not be long enough. Again, however, I shall not press my amendments on that point.

Finally, a matter that is not currently dealt with in the Bill, but may well be later in secondary legislation, is the deregistration period. The short period of deregistration is one issue that has destabilised public transport in many areas, and I would welcome a clear statement from my hon. Friend of whether the deregistration period will be increased, and to what. I hope that it will be doubled compared with the previous period.

In many ways the engine of the Bill is improving bus services and allowing local determination of transport priorities, such as the control of bus fares and networks. My hon. Friend the Minister and his predecessor have done a good job of proposing improvements to the Bill.

Norman Baker: I welcome the Minister to his new role. I am not sure whether he or his predecessor is responsible for the amendments that the Government have tabled, but either way they are sensible and take the Bill forward productively, and I thank Ministers for listening. The hon. Member for Wimbledon (Stephen Hammond) is a very affable chap, but the idea that Ministers should not listen during debates, and that if they do they should disregard what is being said no matter its validity, seems a rather curious proposition. If the Government had accepted amendments tabled by the Conservatives in Committee, heaven forbid, I wonder whether the same argument would have been forthcoming. I suspect not.

My criticism is the point on which I intervened—the time at which the Government amendments were tabled. It was very close to Report, a gap of some months from the termination of the Committee stage. There may well have been detailed discussions going on that were so complicated that no earlier date was possible, or it might be the Machiavellian reason that the Government wanted to give bus operators little notice of the amendments. Be that as it may, we have had to absorb a number of amendments in very little time. However, that is a small point if the amendments are broadly right, which I think they are. No doubt if I read the small print afterwards I might find something slightly wrong with them, but that seems to be the case at the moment.

I wish first to pick up on the issue of quality contracts, which are at the heart of the Bill in many regards. In my view they are certainly the most important proposal in it. I think that the hon. Member for Wimbledon might agree about that even though he objects to them somewhat, because he recognises the importance of the proposal. Many of us are concerned that although the original arrangements in the Transport Act 2000 went in the right direction, they did not work in encouraging local authorities to bring forward quality contracts. I made that point in Committee, as did Labour Members. Above all, we did not want a repetition of the Government bringing forward powers that no local authorities actually wanted to take up.

I felt, and I think other members of the Committee agreed, that the hurdles that were in place—the quality contracts boards, the Transport Tribunal and the possibility of judicial review—were one hurdle too many for local authorities that wanted to go down this road. Therefore, the move towards the arrangements that the Minister has set out today was right. He neglected to mention that the proposal introduced today to make the quality contracts board a consultee was one that I made in Committee—I am sure that was an oversight on his part, so I put it on the record for his benefit—and it is an eminently workable solution.

5.15 pm

For the benefit of the hon. Member for Wimbledon, I should make the comparison with a planning authority that is receiving a planning application in respect of a flood area, because the quality contracts arrangements in the Bill are similar. Such an authority would have to consult the Environment Agency, which may recommend refusal or approval. The local authority still has the right to approve, against the recommendations of the Environment Agency, but it would have to make its decision stand up if an appeal was made to the Government inspector—the Transport Tribunal is the equivalent in this case. The arrangements in the Bill have a direct parallel with those in respect of planning in flood areas—those arrangements work, as will the ones being placed in the Bill today.

I am also pleased that the Minister has sought to define more closely the role that the, now advisory, body may have in picking up points of law, being satisfied that statutory requirements have been met and analysing the closely defined public-interest criteria. A concern was expressed in Committee that the quality contracts board, as it then was, was far reaching and might have adopted powers outwith its responsibility—or outwith that for which we thought it should be responsible—even though that was not closely defined. In particular, it might have had a view on the democratic decisions that a local council or transport authority had

reached on its local transport plan. To be fair, the Minister has tied that matter down. I, for one, no longer have a concern about it, because the Bill has been improved significantly.

Improvements have been made to the quality contracts process, and I hope that local authorities will have the confidence to take the quality contracts route in a way that they would not have done had the amendments not been introduced. That is a significant step forward, because over the past 20 years the cost of travelling by bus has increased significantly, particularly outside London; the increase has been far higher than inflation. Even in the past 10 years, the cost of travelling by bus has increased by 13 per cent. above inflation, whereas the cost of motoring has reduced—we must remember that. In addition, bus usage has decreased, except in London and in one or two other isolated examples; services have dropped off, particularly in some rural areas, where it is almost impossible to get a bus unless it is 3 pm on a Tuesday, and then one is given only half an hour to go to the bank and come back again, if one is lucky; and bus company profits have rocketed. If those four factors are put together, they do not add up to a success story for public transport or for public administration.

Something has to be done to correct that situation, and I believe that the quality contract route is one such way forward. It provides the opportunity for local authorities to have responsibility for transport in their areas—why should they not have that responsibility? The hon. Member for Manchester, Blackley (Graham Stringer) is right about that, because local authorities are elected, they have their own mandate and they should be responsible for transport. Equally, there needs to be an external check to ensure that statutory requirements are being followed, and that is provided by the mechanism being put in the Bill now. We must also bear in mind the possible effect on small bus operators, who could be disadvantaged. I think that the balance will now be right in the Bill, so I have nothing but approval for the amendments that the Government have tabled in that regard.

It is also right that tendering should be allowed to begin while appeals are under way. Local authorities will take their chances on that. If they wish to take a chance and incur some expenditure with the possibility that they might lose in the end, that is their problem. They should have the right to take that course of action if they believe it is the correct one. I suspect that, on most occasions, authorities will weigh up the matter carefully and all they will do is to ensure, in line with their intention, that a hiatus is not created. That will be the right course of action, but if they want to take a risk, that is up to them.

The same point applies in respect of judicial review, which has been mentioned. A successful judicial review is no more likely as a consequence of these amendments. Judicial review may be more likely, but it is unlikely to be successful. However, that is a matter for local authorities to judge in the circumstances, as democratically elected bodies. It is a local responsibility, so they should make that judgment. If they get it wrong, they should be held to account for that, but it is not for us to second-guess them, or to impose unelected bodies to regulate what is properly a local function.

The Minister also mentioned the TUPE regulations. I welcome the fact that Ministers have considered the points made in Committee. I have not had much time to look at the amendments, given how many have been tabled in the last week, but they appear to be sensible ones that meet the concerns expressed in Committee.

It is also important to close the loophole relating to operators of last resort, even though those provisions may never be used. Indeed, their very existence makes their use less likely, and that is welcome. I concur with the concern expressed by the hon. Member for Manchester, Blackley about what happens when the nine-month period begins to run out. According to the arrangements set out in the amendments, the last three months of the 12-month period will be subject to approval by the traffic commissioner. Obviously they will consider the matter at that point, but they will also need to be involved at some time before the nine months is up. They may be persuaded to grant an extension for three months, but it is not clear what would happen if no solution had been found at the end of that time. When the Minister winds up, he must tell us what would happen then. If that is not made clear, individuals who have an interest in a lack of clarity at the end of the 12 months may be encouraged to drag matters out and ensure that clarity is not achieved. We need an answer on what would happen if the matter were still unresolved at the end of the 12-month period.

The technical amendments sensibly address points raised in Committee, and I have no quibble with that. I do not wish to make a Third Reading speech now, so suffice it to say that we broadly welcomed the Bill on its introduction, although we identified room for improvement. To be fair to the Government, many of those improvements have been made, so if the points identified by the hon. Member for Wimbledon are pressed to a vote, we will support the Government.

Ms Angela C. Smith: I support the amendments on the approvals process for quality contracts, the operator of last resort and the TUPE regulations. Like my hon. Friend the Member for Manchester, Blackley (Graham Stringer) and other hon. Friends—and indeed the hon. Member for Lewes (Norman Baker)—I am delighted that we are considering the amended Bill today. It is much improved and, like my hon. Friend, I am very grateful for the work done by the previous Minister, my right hon. Friend the Member for Doncaster, Central (Ms Winterton). She did a great job in getting the Bill into shape after Committee and ensuring that the points raised were fed into the Bill before consideration on Report. I also commend the new Minister on the speed and competence with which he has grasped those points. The result is before us today and is very welcome.

A demand for change led to the tabling of this Bill and it should not be ignored. That demand is underpinned by the evidence. The overall subsidy levels for the bus industry in this country have now risen to 40 per cent. of bus industry income at £2.5 billion. At the same time, the use of buses in passenger transport executive areas has declined by 8.6 per cent. in the past 10 years. More subsidies are going into the bus system, but the level of patronage, in PTE areas in particular, has declined by 8.6 per cent. At the same time, patronage in London has increased by 54 per cent. It is quite clear that the issues to do with patronage and subsidy versus regulation are not quite as clear cut as the hon. Member for Wimbledon (Stephen Hammond) would have us believe. There is a relationship between regulation and whether or not a bus service can succeed.

Stephen Hammond: If that is true—if the hon. Lady believes that and thinks that she has the evidence for it—why is it that in regulated Belfast patronage continues to fall?

Ms Smith: The matters before us today do not relate to Northern Ireland, but I turn the question back on the hon. Gentleman. If he is so sure about regulation, why will not the Conservative party revisit the matters devolved to the City of London if—and that is an uncertain if—it returns to government?

The Bill is about "Putting Passengers First", which was the title given to the original proposals. That title should not be forgotten. The Bill is about giving more local control to bus users up and down the country—not just in London, but in all our areas. It is particularly aimed at those living in metropolitan areas—often including quite considerable rural areas, too—where the need for re-regulation is at its greatest.

Local control is a form of devolution that I would have thought that the Tory party would be keen to pursue. I thought that the Conservative party was now the party that believed in local control and in giving local people more say in how their services were delivered. The responses given by the hon. Gentleman to my interventions exposed what I think to be the true Conservative position. That position is unreconstructed and unmodernised and is based totally on dogma rather than an appreciation of what is pragmatic and what will deliver for local people. *[Interruption.]* The hon. Gentleman may laugh, but passengers in Sheffield, South Yorkshire, Manchester, Greater Tyneside and all such areas would not be laughing if a future Tory Government repealed this legislation.

Stephen Hammond: We do not need any lessons in dogma from the hon. Lady. After all, this is her dogma that she is putting forward. If she wants to try that argument, she is being equally dogmatic.

Ms Smith: I struggle to make any sense of that intervention, so I shall move on.

Norman Baker: It is worth mentioning, to be fair to the hon. Member for Wimbledon (Stephen Hammond), that not everyone in the Conservative party seems to share that view. Conservative councillors to whom I have spoken seem to be rather keen on the Bill and to use the provisions. Would it be helpful, perhaps, if the future Conservative Government—if there is such a thing—or this Government found out the views of Conservative councils so that the House could be fully informed?

Ms Smith: I would recommend that to a future Conservative Government. They might start with Birmingham, where I understand that there is quite strong support for the Bill from Conservative councillors. Indeed, the Conservatives have some councillors in South Yorkshire, I understand, in Rotherham. I understand that they would join the consensus in South Yorkshire, among all political parties, that the Bill is absolutely necessary to the future of public bus services in the area. As I say, the Bill is all about giving more local control to bus users in areas outside London, so that bus services can be improved. The amendments put forward will make it a great deal easier for us to deliver the improvements that we want—the quality contracts.

5.30 pm

The original points of difference between us have, for the most part, been ironed out. For example, there is now to be a consultation board, rather than an approvals board, thanks to Government amendments. The only point of difference that remains concerns the use of the Transport Tribunal for appeals. The Minister said earlier—I think that I understood him correctly—that the system for appeals, which will be prescribed in regulations, will be no more onerous than the current system. I would like to hear more from him on that point when he responds to the debate on this set of amendments. A new tiered system will come into effect as a result of the Tribunals, Courts and Enforcement Act 2007, but in the Transport Tribunal, we certainly do not want a number of tiers to come into operation in the appeals process, replacing the hoops and obstacles put in place by the Transport Act 2000. Those obstacles are what made it so very difficult to introduce the quality contracts that we are keen to see in our metropolitan areas. That issue needs exploring even now, and even more clarity is needed on the subject than was provided earlier in this debate.

I welcome the new amendments on the TUPE regulations. People often underestimate or forget how important drivers are to the delivery of a good bus service. They are not always that well-paid, and the status of their employment has not always been that well-protected. We need to make sure that we deliver the best deal possible, because they need to be happy in their work and sure about their pension scheme if they are to deliver the punctual, courteous service that we want. One reason why we have problems getting the kind of service that we want in south Yorkshire is the difficulties that bus operators have in recruiting bus drivers. Levels of sickness are high, too. The aspects of the Bill that relate to the TUPE regulations are therefore very important to Labour Members. We know that the issue is not just about the rights of workers and so on, important though they are; it is also about the quality of the service delivered. I am absolutely delighted that the TUPE regulations are now in place.

I share the concerns of my hon. Friend the Member for Manchester, Blackley and the hon. Member for Lewes about the operator of last resort. As I see it, the most likely scenario in which the operator of last resort power would be used is one in which a quality contract is awarded to an operator, and another operator who did not win the contract decides to walk away and deregister, leaving the service to flounder while the local authority or integrated transport authority establishes the new contracted service.

Of course, it should take no longer than nine months to put services run by the local authority on the road, and to replace them by means of a new quality contract. However, I welcome the extension to 12 months. We must think through the possibility of instances in which the new quality contracts are not delivered within nine months, and instead take up to 12 months to be put in place. It would be foolish of us to exclude the possibility of the process taking even a little while longer than that. It would be sensible to put clear provisions in the Bill, or perhaps in regulations, that would make it possible for the period to go beyond 12 months in exceptional circumstances. It would be really unfortunate if, despite the best attempts of local authorities and ITAs, things

went wrong, and we were left with a crisis situation because the Bill's provisions meant that the local authority could no longer fill the gap while it was in the process of establishing an alternative service via a quality contract.

Overall, however, this is an excellent Bill, and the one for which we have been waiting for some time. It is not based on dogma. It is not based on a belief that we must run the system in one way and no other. It is based on the evidence that we have been hearing from our constituents, the bus users in our areas, over a period of 20 years. That voice has been rising from a whisper at first to a crescendo of dissent against the current arrangements for running bus services in areas such as Sheffield, Barnsley and Manchester. Our constituents demand change. They demand that local councils improve services and do something about those that people are no longer getting. Sometimes bus services are changed, every three months, withdrawn or diverted. Buses do not turn up on a regular basis, letting people down as they try to get to work.

Recently there were two changes to bus services in my area. Within three weeks I had received 1,000 signatures from local people demanding that something be done about those withdrawals of service. The hon. Member for Wimbledon may look away. He may take no notice, but the evidence exists. The service must change, and the Bill is the way to change it.

Mr. John Leech (Manchester, Withington) (LD): As a member of the Public Bill Committee and of the Select Committee on Transport, I welcome the opportunity to speak in the debate on the amendments relating to quality contracts.

I begin by welcoming the Under-Secretary of State for Transport, the hon. Member for Gillingham (Paul Clark) to his post and as a Report-stage substitute for the right hon. Member for Doncaster, Central (Ms Winterton), who is now the Minister of State, Department for Work and Pensions. I am tempted to describe him as the David "Supersub" Fairclough of the Government's transport team. He has come on late in the second half and changed the game in respect of quality contracts and the approvals board.

The Government's new clauses take on board the concerns raised by both Liberal Democrat Members and some Labour Back Benchers in Committee and introduce proposals to limit the power of the new quality contracts scheme board by effectively making it a super-consultee, rather than a decision-maker. I am happy for the Minister to attempt to take some of the credit, just as the Government did when they took on Lib Dem plans for free travel for the elderly prior to the 2005 election. We are more than happy for the Government to implement Lib Dem proposals.

The need to amend the legislation on quality contracts is clear. The Transport Act 2000 has not resulted in a raft of quality contracts, and in large swathes of the country outside London bus patronage continues to fall. Had the amendments not been tabled, there is a great danger that quality contracts would continue to be the pot of gold at the end of the rainbow, or that bus companies would be able to cause unending delays in implementing a scheme through a drawn-out appeals process.

The need for viable, workable quality contracts is nowhere more pressing than in Greater Manchester. In my constituency, Manchester, Withington, we have seen some of the worst results of bus deregulation. It is true that certain routes have seen additional buses, particularly the Wilmslow road corridor, but that has been at the expense of other less profitable routes. Overwhelmingly, bus deregulation has not increased competition.

Where other bus companies have tried to compete—for example, on the 85 and 86 bus routes from Chorlton to Manchester—bus wars have ensued. Stagecoach flooded the routes with extra buses taken off other routes and introduced cheap fares. Buses were prevented from entering the bus station or stopping at certain stops. However, as soon as the competition was run off the road, the additional buses disappeared. Now the cheap fares have been phased out too, despite a local outcry from residents.

Bus companies have used deregulation as a way of making services more profitable by cutting out parts of routes that are less profitable or that affect reliability. Again, in my constituency, that has resulted in fewer services running to the most deprived area in the whole of the constituency because more profit can be made by ending most of the services at the bus station. Similarly, the bus companies have attempted to hold the passenger transport authority to ransom on some routes by demanding subsidies to run services for part of the day, particularly in the evenings. When passenger transport authorities have been unable to add that subsidy, the services have disappeared.

Those service failings can be addressed through quality contracts and they will need to be if the proposed transport innovation fund bid is to go through in Greater Manchester. The Greater Manchester passenger transport executive has been quick to assure me that the bus companies are keen on partnership working to deliver an improved bus network for the area; I am not surprised, given that £3 billion is at stake. However, I am less convinced that the companies will agree to partnerships whose profits would be low.

In Manchester we will rely on the new bus services to provide an easily accessible alternative to the car and persuade some motorists to change their behaviour, and we cannot trust the bus companies to provide such services voluntarily. That is why it is vital that the Bill should provide local authorities with the opportunity to introduce quality contracts without the fear of a long, protracted appeals process.

John McDonnell (Hayes and Harlington) (Lab): Like other Labour Members, I commend the Government on amendments Nos. 124 to 128. I also join the celebration of the life and works of my right hon. Friend the Member for Doncaster, Central (Ms Winterton) and welcome the arrival of my hon. Friend the Member for Gillingham (Paul Clark) to the Front Bench.

We are promoting an excellent piece of legislation today, and I particularly commend the amendments that I mentioned. I am the co-ordinator of the National Union of Rail, Maritime and Transport Workers parliamentary group, and I accordingly draw attention to my entry in the Register of Members' Interests. About 6,000 of the union's 80,000 members work on the buses. When the Bill was initially brought forward in the Lords, it contained no protection for the workers in respect of the potential for them to be transferred when a contract was awarded. As a result of the really constructive dialogue between Ministers, civil servants, the RMT and other transport unions and the TUC, we have a set

of amendments that affords workers extensive protection. TUPE protection has now been introduced, and it has been extended to the transitional period; that will assist in protecting the work forces of operators that fail to win a quality contract.

Some of those protections will be laid out in detailed regulations. I shall refer to three particular issues that I would like the regulations to address and in respect of which I would like them to offer specific protections. A number of the unions have been pressing for a dismissal to be automatically construed as unfair under the regulations if it was given by an operator that did not win a quality contract or that decided to withdraw services instead of bidding for a quality contract. TUPE applies to many such workers, but we would welcome that specific protection against unfair dismissal. That would strengthen the unions' hand in deterring the almost truculent treatment by employers that lose a contract.

I agree with my hon. Friend the Member for Manchester, Blackley (Graham Stringer) about the need for an extension of the deregistration period. That would allow local authorities to protect services and jobs and plan accordingly. The amendments constructively and helpfully ensure that there will be protection when employees transfer to a quality contract so that the new pensions are broadly comparable to the previous ones. That is a major breakthrough and will give reassurance to many in the industry. It is suggested that the protection will be based on a formula similar to that used in the local government pension procedure. I welcome that. It has been pointed out in some of the discussions that some of the workers may be eligible to join the local government pension scheme. It would be useful if that was addressed specifically in the regulations; a number of transport workers would welcome the opportunity to join the scheme and gain benefits and security from it.

Overall, I welcome the amendments on behalf of the unions. I am the son of a Liverpool docker who became a bus driver for 30 years; if my father were alive today, he would be heartbroken at what has happened to our bus services across the country as a result of privatisation and deregulation. However, he would broadly welcome this legislation, which gives our bus services the potential for a new future and a firm footing for the delivery of services on which so many of our communities rely.

Mark Hunter (Cheadle) (LD): Let me start by suggesting to the Minister that the characteristically generous reference by my hon. Friend the Member for Manchester, Withington (Mr. Leech) was probably due mostly to the fact that he is, like me, a Manchester City fan. We both have fond memories of beating Gillingham in the play-offs final some years ago.

5.45 pm

I am the only Opposition Member to speak in the debate so far who was not involved in the Public Bill Committee, but I want to contribute not least because before I came to this place I spent several happy years as a member of Greater Manchester passenger transport authority. I believe very strongly, as do other hon. Members, that the Bill will be a way forward as regards the deficiencies of our local transport system. It would be churlish to deny that as a result of the concessions made by the Government and the acceptance of amendments tabled by my hon. Friend the Member for Lewes (Norman Baker) and other Members, we now have a much better Bill than we did previously.

I want particularly to support new clause 6. I agree with colleagues that quality contracts, if we can get them right, are vital for ensuring that bus services are up to scratch for all local residents, whether they live in city centres, town centres, busy suburbs or remote rural villages. In many areas, bus routes are being reduced or even discontinued, often leaving people isolated because bus companies do not believe that they can make the routes profitable, while busy urban routes are often served by more than one bus company. That is hardly the best distribution of resources. Even when there are services we have problems with efficiency and reliability, with many people being put off using buses because they are not frequent enough or they cannot be confident that they will arrive on time.

There is consensus on both sides of the House that we can and must do better in providing a truly efficient bus service fit for purpose across the country. We need to put passenger needs first, and I genuinely believe that quality contracts are an essential step towards helping to accomplish that. When they work as they should, they can give local people and their representatives more control over local services. For quality contracts to work properly, we need to ensure that the process for making them is easier. In the Bill as originally drafted, there were many hurdles that made that process too slow, time-consuming, complicated and expensive an option for many authorities. That is why I am pleased to acknowledge that the Government have accepted the argument that unelected approvals boards' recommendations are treated as being advisory only so that local authorities have to listen to their opinion of the scheme but do not necessarily have to follow their advice. If local accountability is to mean anything, it is vital that local councils should have the last word.

I hope that these amendments—concessions made by the Government—will make the process easier and ensure that this Bill, unlike the last one, does not sit gathering dust on the shelves but is used for the purpose for which it is intended, which is to give my constituents and those of all other hon. Members a much better bus service in the future.

Ian Stewart: May I add my voice to those who have thanked and congratulated my right hon. Friend the Member for Doncaster, Central (Ms Winterton), and my hon. Friend the Minister? It was outrageous for the hon. Member for Wimbledon (Stephen Hammond) to accuse the Government of not listening and then complain that the amendments came so late. Of course the Government listened. My right hon. Friend listened and discussed these important issues not only with Labour Back Benchers but with Members from all Opposition parties. In the short time that the Under-Secretary has been in the Front-Bench team, he has worked hard and been rigorous in consulting and listening to Back Benchers from all parties. My thanks are sincere to both Ministers.

I declare that I am a lifelong trade union member, and proud of it. I spent 20 years working for the Transport and General Workers Union as a regional officer in north-west England. Since becoming an MP, I have probably initiated upwards of nine or 10 debates in Westminster Hall and this Chamber on transport issues.

[Ian Stewart]

That was not because I was a trade unionist in a union for the transport and public transport industry, but because it was one of the biggest demands of my constituents. The ability to get around the community, particularly for the elderly, the disabled and young mothers, is important to the debate about adequate public transport. Indeed, the economic interests of an area depend greatly on people being able to get to work on time.

In the Standing Committee considering the Transport Act 2000, some of us spoke to the then Minister—in the Committee and privately—and tried to highlight the fact that there was an imbalance since the Conservatives had deregulated public transport outside London. That imbalance was not in favour of local people, and we argued strongly that it should be put right by giving local elected passenger transport authorities more powers. It is well recorded that, like my hon. Friend the Member for Manchester, Blackley (Graham Stringer), I would like to see public transport run by locally elected people in the interests of local people. But that is not the case; we still have a system in which private operators deliver the services. That is fine, but if we have to accept that, there should be a good balancing effect, with local, democratically elected members making sure that the process is carried out in a fair way that looks to the interests of the operators earning reasonable profits and keeping people in work, and most importantly, to ensuring that the service is adequate and affordable for our constituents.

I turn to the question of deregulation being a matter of local democracy, and how the Bill will redress the imbalance. When the hon. Member for Wimbledon (Stephen Hammond) spoke earlier, he referred to a provision in the Bill that says "as it sees fit". That related to local decision making, and the attitude of the hon. Gentleman was an attack on local democracy. The phrase "as it sees fit" implies local knowledge, and if we chose to remove those words from provisions to do with locally elected or public bodies, we would indeed be reducing local democracy.

Stephen Hammond: I am glad to have the chance to correct the hon. Gentleman. When I used those words, I was talking about a specific element of the Bill: the obligation to consult and to publish in the way that is seen as fit. He will remember, as he was a member of the Committee, that we discussed that wording several times and in several places. In this case, I was referring to the requirement to publish. I am sure that he listened carefully to what I said later, and I made the point that there could be no misinterpretation about the word "publish". Therefore, the phrase "as it sees fit" would not add anything to the wording of the Bill.

Ian Stewart: If the hon. Gentleman wishes to try to retrace his steps and his words, that is for him to do. It does not mean that I need to accept it. Implicit through all his curmudgeonly and negative approach to the Bill has been what I described earlier. I do not accept his explanation.

Stephen Hammond: Will the hon. Gentleman give way?

Ian Stewart: No, I will not give way; I would like to make some progress.

We talked about the importance of local democracy delivering for local people, and one of the issues raised by hon. Friends and Opposition Members is TUPE. In our efforts to ensure that the interests of our constituents—meaning the public—are looked after, we sometimes forget that the workers in the companies involved are also constituents and that we should be looking to their interests. I spoke at length in Committee on TUPE. The matter is complex, but it is fundamentally a question of recognising the limitations of any system that throws people into unemployment. It should be a duty of politicians to look to making that as short a period as possible and, where possible, ensuring that workers are kept on, and kept on under terms and conditions that are at least equal to those they enjoyed under their previous employer. Having gone on at length about that matter in Committee, I am satisfied that the Government have moved forward and provided a protection that is probably as good as possible, with the exception of what was mentioned by my hon. Friend the Member for Hayes and Harlington (John McDonnell); the question of dismissal needs to be looked at more closely. I support my hon. Friend on that point.

I met privately with the Under-Secretary on the question of last resort, among other issues, and I said that there is an unknown in this case. We all want to see the matter settled before nine months—and certainly before 12 months—but there is an unknown. We do not yet have an adequate explanation of what happens when we move into the period after 12 months. I ask the Under-Secretary to consider the matter before the next stage. I say again, however, that a good step forward has been taken on behalf of working people.

When I heard the Member for Wimbledon—he is not yet honourable, I do not think, not for a long time yet. [HON. MEMBERS: "He's not right honourable."] When I heard the hon. Gentleman assert—I shall try to remember correctly—that it is hard to quantify well-being, I totally and utterly disagreed. The whole Bill is about the quantification of well-being. What does that mean in English? It means looking after the interests of the public and ensuring that workers and operators get a fair deal.

Stephen Hammond: *Hansard* will recall what I said previously, but on this point, can the hon. Gentleman tell us what tests he suggests the Government should have so that they can quantitatively measure personal well-being?

Ian Stewart: The man is a mind reader. By the way, I do not care if anybody calls it dogma, but I think that the matter is straightforward. The well-being of my constituents in Eccles and the city of Salford—and of the hon. Gentleman's constituents—is served by ensuring that buses are provided on routes where they are needed, that they are modern and safe, run regularly and turn up on time, and that travel on them is affordable. That looks after the well-being of our constituents, and if it is dogma, I admit to being dogmatic. I would like my constituents to be able to rely on the Bill's delivering those objectives by giving more power to locally elected politicians and passenger transport authorities. Only the Labour Government can deliver that—a Conservative Government could never do so.

6 pm

Paul Clark: An interesting range of contributions has been made to our discussions about one of the major elements of the Bill. It was interesting that the hon. Member for Wimbledon (Stephen Hammond) started with an attack on my ministerial colleague, my right hon. Friend the Member for Doncaster, Central (Ms Winterton), who undertook a great range of work in listening carefully to the comments of not only Labour but Opposition Members.

Stephen Hammond: I did not attack the right hon. Member for Doncaster, Central. I merely said that much of what the Government have tabled renders illogical her comments in Committee.

Paul Clark: I thank the hon. Gentleman for his intervention, but let me quote my right hon. Friend:

"I have, of course, listened very carefully to a lot of the points that have been made today and I would not in any sense wish to indicate that I would not take them away and consider them; that is the point of the Committee stage."—[*Official Report, Local Transport Public Bill Committee,* 29 April 2008; c. 220.]

The vast majority of hon. Members—certainly Labour Members and Liberal Democrat Members—believe that to be the point of a Committee stage and of having Ministers who listen to the arguments.

The hon. Member for Wimbledon also told us how hard pressed the bus companies are. There are undoubtedly problems, as there are for operators of any services in the current economic climate, but let us not run away with the idea that all is doom and gloom. The latest survey of company annual accounts and interim results for all the major bus companies, including First, Stagecoach, Arriva and Go-Ahead, clearly shows higher operating margins and profit levels this year than the same time last year. Those are facts and we should take them into account.

The hon. Member for Wimbledon made several points about quantifying the benefits to passengers. Let us not get the idea that local authorities are not adept at quantifying costs and benefits of all kinds for all schemes, including transport schemes. There is nothing novel about that, and local authorities are familiar with the Department's guidance on transport scheme appraisal. Clause 19 clearly sets out the criteria that must be fulfilled, and they are relevant to several points that were made in other interventions and contributions to the debate. They are that the proposed scheme

"will result in an increase in the use of bus services...will bring benefits to persons using local services in the area... will contribute to the implementation of the local transport policies of the authority or authorities...will contribute to the implementation of those policies in a way which is economic, efficient and effective".

The final criterion is the proportionality requirement:

"any adverse effects of the proposed scheme on operators will be proportionate to the improvement in the well-being of persons living or working in the area".

Ian Stewart: Earlier, the hon. Member for Wimbledon (Stephen Hammond) asked about effectiveness, efficiency and so on. He asked whether such matters could be quantified properly, and for a philosophical and contextual definition. Does my hon. Friend agree that locally elected people are best suited to determining on behalf of local people whether a scheme is effective or efficient?

Paul Clark: My hon. Friend is absolutely right. Those who have worked and been elected locally are the best people to deal with such matters and to make those judgments on behalf of the people whom they represent.

The hon. Member for Wimbledon also asked about TUPE and the extra costs. The costs would be reflected in the price that the operators bid. The local authorities clearly need to factor any such costs into their assessment of a proposed scheme—they must take them into account when working through the criteria. However, it is important to remember that applying TUPE will also deliver benefits. Having an existing, well-trained work force transferring to the quality contract operator will lead to savings and benefits. It is therefore sensible all round to protect the employees of companies that are not successful, but we should also remember that having such a qualified work force will be beneficial.

Ian Stewart: I am grateful to my hon. Friend for his patience. We are considering issues that are important to our constituents and to us as politicians. The TUPE regulations were originally intended to ensure that unscrupulous employers could not make workers redundant on a Friday and offer them a new contract, with lower terms and conditions, on a Monday. The Bill's provisions on that matter are good and will hopefully remain when it becomes an Act.

Paul Clark: My hon. Friend is right that those provisions are some of the many good aspects of the Bill. He is also right about the purpose of TUPE.

Let me respond specifically to some of the amendments. Proposed amendment (a) to new clause 14 deals with the detailed workings of the QCS boards. It appears that it would do two things. First, it would place a further obligation on local transport authorities, to be fulfilled when they decide that they are ready to submit their proposals to the QCS board for consideration, to send to the board copies of documents that the authority sent out as part of the consultation or in response to it. Section 125 of the Transport Act 2000 already provides that the authority must publish notice of its proposed scheme at the outset of the consultation, and Government amendment No. 165 would provide that the notice must be copied to the senior traffic commissioner. That notice must describe the proposed scheme and state where a copy of it and the consultation document may be inspected. The purpose of having the notice copied to the senior traffic commissioner is that, when he designates the commissioner who is to chair the relevant QCS board, he can also ensure that that commissioner has access to the local authority's consultation materials.

Amendment (a) also refers to documents that the local authority sends out during or after the end of the consultation period in reply to written responses from consultees. We consider that the local authority will have a clear interest in ensuring that the QCS board is aware of any such documents, as they are likely to be important in spelling out the local authority's case for proceeding with its proposed scheme. I am therefore not persuaded that we need to make explicit provision for that, but I would be happy to reflect on the matter further as I develop more detailed proposals for regulations and guidance that will support the quality contracts scheme provisions in the Bill.

[Paul Clark]

The second effect of amendment (a) to new clause 14 would be to insert another new requirement for local authorities. The amendment would mean that if, having consulted on its scheme and reflected on the consultation responses, the local authority wished to proceed with its proposed scheme, it must send a copy of the consultation document to the QCS board. Again, that is quite unnecessary, because the Government amendments already make provision for the consultation materials to be disseminated to the QCS board via the senior traffic commissioner. The Government amendments also include provisions requiring the authority to supply the board with information about all the responses that it has received and to ensure that the board has before it a copy of the final proposals for the scheme before it begins its deliberations. Our amendments therefore already provide for the board to have all the information that it needs.

Ms Angela C. Smith: My hon. Friend is very generous in giving way. Will he elaborate a little on exactly how widely integrated transport authorities will be expected to consult, in order to lay to rest any concerns that people might have about the quality of consultation on the schemes that is provided for in regulations?

Paul Clark: I thank my hon. Friend for her intervention. There is a clear duty to consult all interested parties on the proposals and schemes being considered. It would be most bizarre if an authority did not use the option to consult, for example, bus operators, bus users and businesses in its local area and to follow that through. Again, however, we believe in allowing local bodies to decide how best to pursue those options in the consultation procedure.

The Opposition's amendment (b) to new clause 14 relates to the actions that a QCS board may take if it considers that a proposed scheme does not meet the statutory public interest criteria. New clause 14 already makes it clear that in such circumstances the board may make recommendations on the actions that the authority or authorities might take in response to that opinion. New clause 14 is not prescriptive about the recommendations that a QCS board might make.

The Government would normally expect a QCS board to take a constructive approach. Where a board identifies defects in a scheme, the constructive approach would be to offer suggestions to the local authority as to how it might remedy them. It is unlikely that, having invested a great deal of time and effort in developing and consulting on proposals, an authority would submit to a QCS board a proposed scheme that was so defective that it was beyond salvation. If that very unlikely situation were to arise, I suppose it might be appropriate for the QCS board to say so, but there is no need to amend the Bill to empower the QCS board to do so. The provisions in proposed new clause 126AC(2) are already sufficiently broad to cater for that most unlikely outcome.

Norman Baker: I agree with the Minister's analysis, but does he think it would be helpful for local authorities to avoid any pitfalls by discussing the scheme informally with the QCS board before its submission, or does he think that the two processes should be separated so that there is no prior consultation with the QCS board, informally or otherwise?

Paul Clark: I thank the hon. Gentleman for his intervention. I have said clearly that those who propose the scheme should use every option to ensure that they consult. As I said in response to an earlier intervention about the time process, local transport authorities will take time to develop a scheme. Depending on a scheme's complexity—for instance, it could be a city-wide scheme or a more localised scheme—it will obviously take time for it to be ready and presentable. I therefore assume that authorities would use every option to ensure that they have consulted as widely as possible.

6.15 pm

Amendment (c) to new clause 14 relates to the actions that a QCS board might take if it considered that an authority had failed to follow the statutory requirements about notice and consultation. Again, new clause 14 already provides that the board may make recommendations on how the authority might address the apparent failure. In addition, amendment (c) would provide a power for the board to direct the local authority to take particular actions. However, I fear that the amendment rather misses the point of the Government new clauses and amendments that we are debating. The purpose of the changes that we are proposing, following lengthy debate in Committee—again, we listened—is to place decision making in the hands of elected local authorities. In that context, it would be inappropriate for a QCS board to have a power to direct a local authority.

Let me turn to the Opposition amendments to new clause 15. Amendments (a) and (b) seek to amend the grounds on which an appeal may be brought before the Transport Tribunal. I have already explained that under new clause 15 the grounds for appeal would depend on whether the QCS board had, in effect, given the final version of the scheme a clean bill of health. Where the board, which after all will be independent of both central Government and the local authorities, has examined the facts of the case and given that clean bill of health, the Government consider it entirely appropriate for the onward right of appeal to the tribunal to be limited to points of law, as was discussed earlier. That would enable an appeal to be brought on grounds that, for example, the authority had acted unreasonably in deciding to make the scheme, had acted with bias or had fettered its discretion. There would therefore be a clear safeguard in the most unlikely event of a QCS board failing to identify a major flaw in the authority's proposal.

However, where the final version of the scheme had not received a clean bill of health from the QCS board, an appeal could be brought either on points of law or questions of fact. That would enable a full-case review. The Government consider those proposals to provide an entirely appropriate level of protection, while avoiding unnecessary stages in the process, which after all could delay the implementation of schemes that are manifestly in the public interest.

Norman Baker: The Minister just used the phrase "a full-case review", but will he be absolutely clear about that? My understanding was that the Transport Tribunal's role in investigating any appeal where there was a division between the QCS board and a local authority would be limited to matters of disagreement between the two bodies. Is the Minister saying that it would be possible for the Transport Tribunal to reopen the whole case even when the QCS agrees with the local authority?

Paul Clark: No, that would not be possible where the QCS agreed with the local authority. If the scheme had failed on the five public criteria test, it is likely that issues would arise that cut across a number of those criteria, which would therefore be open to a review through the appeals process. There would be knock-on effects where there was a problem with those public criteria.

Norman Baker: If the point of disagreement between the QCS and the local authority concerned only one criterion, for example, would the Transport Tribunal be limited to considering that one criterion, or would it conduct what the Minister referred to as a full-case review?

Paul Clark: No. My thought was that a cutting across over a number of those criteria would be likely, but if the disagreement was confined to just one, that would be the issue for an appeal. The hon. Gentleman is right in that sense.

Amendments (c) and (d) to new clause 15 would amend the powers of the Transport Tribunal to deal with an appeal. New clause 15 includes a power under which, in certain circumstances, the tribunal could quash the local authority's decision to make a scheme. But, as with QCS boards, the Government envisage that the tribunal would seek to take a constructive approach by proposing solutions to remedy any defects in a scheme, where such solutions could be identified. That is why new section 127B(5) limits the tribunal's power to quash a scheme, so that it may be exercised only in situations where the scheme cannot be varied to put things right.

Having spoken at some length on the amendments to new clauses 14 and 15, I now turn back to amendments (a) to (j) to new clause 9, which relate to the proposed "operator of last resort" powers. I should start by reminding the House that the purpose of new clause 9 is to provide a very limited power for local authorities to take action, in a specific emergency situation, to protect the interests of bus passengers—the people at the heart of the Bill. The power would apply only where a quality contract operator was unable to operate the services that it had contracted with the authority to provide. In such a situation, it is possible that the only way to ensure continuity of services to passengers would be for the local authority to step in.

This is absolutely not a generalised power for local authorities to get into the business of running bus services. It is a very tightly limited power, and it includes clear limits on the time period for which an authority may exercise it. The time limits proposed in new clause 9 are intended to ensure sufficient time for the local authority to find a longer-term solution to the unexpected gap in service provision, while ensuring that the local authority cannot exercise those powers over an indefinite period.

A number of hon. Members, including the hon. Member for Lewes (Norman Baker), have asked what would happen after 12 months. As an operator of last resort, we cannot provide services after a 12-month period. I have already said that if a local authority cannot find a contractor to run the services within that 12-month period, it probably never will. At that point, there has to be an alternative way forward. There has to be an incentive for all concerned to deliver services in the way that we want, using the various options that are open to them. It would therefore be wrong to extend the 12-month period. If we extended it for another three months, why should we not extend it for another six or beyond? We believe that the provisions for nine months, plus three months, will be able to meet the requirements in all circumstances. If they do not, it is unlikely that an authority will ever find an operator to tender for that service.

Graham Stringer: Obviously, any time limit will be arbitrary. A line has to be drawn somewhere when dealing with my hon. Friend's basis for having an operator of last resort. Does he not accept, however, that if two major operators—which might or might not be involved in a future quality contract—were involved in a legal dispute, either with each other or with the integrated transport authority, the time taken might extend beyond 12 months? In those circumstances, there might be no incentives for any other bus operator to come into that area.

Paul Clark: There would, of course, be an incentive for the local transport authority, as it would have been charged with providing those services for the bus passengers to whom it was responsible. I have genuinely tried to find out whether there is any belief that this process would be likely to succeed if it went beyond the 12-month period. My conclusion, following the discussions that I have had over the past three weeks, is that it is highly unlikely, and that we should need to find an alternative solution.

Norman Baker: May I suggest a way forward? We all understand that the Minister does not want to give local authorities carte blanche indefinitely. A solution might be to give the traffic commissioner further authority to extend the process beyond the three months. The commissioner, an independent person, might be able to pick up on unforeseen circumstances and say, "Yes, given that there are circumstances that we cannot foresee today, there might be a case for extending this for another month." That could be the safeguard that the Minister is looking for.

Paul Clark: The hon. Gentleman will be aware that we have already given the traffic commissioner the power relating to the three-month extension, but his suggestion would almost take us into the game of finding a further extension. It is a question of where we draw the line. All the advice that we have received is that the process should be well on the way, if not complete, after nine months. That is why we have allowed three further months to allow for the possibility of it going beyond that time.

Ian Stewart: I think that my hon. Friend has got the drift of this. The rationale that he has put forward has been clearly understood on both sides of the House. However, I am worried about the unknown and unexpected things that could happen at the end of the 12-month period. I have asked him to revisit his thinking on this matter before Report, and I again ask him to do that.

Paul Clark: I understand what my hon. Friend is trying to achieve. However, if I am to revisit the matter before the end of Report, I shall have to move extremely

[Paul Clark]

quickly to do it before 9 o'clock. I ask hon. Members to accept that we have recognised the issue of the operator of last resort, because we think that that was a powerful argument. That is another instance of our listening to the arguments that were made in Committee and by those who are seeking to deliver these services. We have taken the point on board. I ask all hon. Members to accept that we believe that nine months, plus an option of three months, is the way to ensure that we continue to provide services to the travelling public in the event of an unexpected gap. It should be remembered that this provision applies only in those circumstances.

Rob Marris (Wolverhampton, South-West) (Lab): It might be that I do not understand new clause 9. Will the Minister talk me through the scenario that was adverted to by my hon. Friend the Member for Manchester, Blackley (Graham Stringer), in which an authority issues an invitation to tender within the appropriate time frame but no one tenders? According to new clause 9, this will be covered in subsections (4), (5) and possibly (6) of proposed new section 132D, but I confess that I do not understand what the time frame is to be. If a tender is issued but nobody bids, how long will the emergency, or interim, service keep going?

Paul Clark: This provision is for a time-limited period of nine months, plus three months as a further option, to get the contracts in place. Under the scheme, there is a period of time for the contract that was running, so it would be for the remainder of that period that this would run. That is why I believe that if there were a problem with the tendering, there would also be a wider issue that needed to be dealt with.

Amendments (e) and (f) appear to be getting at a slightly different issue. They seek to insert references to quality partnership schemes into new clause 9. The idea seems to be that, if a quality contract operator were unable to continue operating his services, the local authority might seek to fill that gap with a quality partnership scheme. But such an arrangement is wholly unworkable. The whole point of quality contracts schemes is that bus services falling within them are to be provided under quality contracts. I simply cannot see how the authority could superimpose a quality partnership scheme on top of an existing quality contract scheme. Furthermore, a quality partnership scheme involves the provision of facilities by the local authority, and bus operators wishing to use them must deliver an improved standard of service. I simply cannot see what hon. Members are seeking to achieve through these amendments other than attempting to wreck a sensible set of existing powers.

Amendment No. 5 simply states the obvious. It is a requirement, under clause 19 as drafted, that a proposed scheme bring benefits to people using bus services by improving the quality of the service. Clearly, the requirement must be judged against some other scenario, and the only reasonable and realistic one is to do exactly what the amendment says—to compare the expected benefits of a quality contracts scheme with what would be expected if things carried on without a scheme. Indeed, that is what the guidance will advise. That is not quite the same as saying that the effects of the scheme must be compared with the status quo, because in some cases it would be clear that, if no changes were made, services would be cut, passenger numbers would fall and we should be into a downward spiral.

6.30 pm

The effect of amendment No. 6 would be much more substantive than that of amendment No. 5, because a quality contracts scheme could not be made if there were any adverse effects on any bus operator or anybody living or working in the area. I think that anyone who understands the public transport industry or who has had to respond to correspondence from the public about bus or rail services will know that that condition is impossible to meet—or as good as impossible. Virtually any change in the pattern of service routes or timetables, however well planned and however well intended, will inconvenience somebody or other—even if it brings great improvements for the vast majority. That applies just as much to franchised rail services as it does to deregulated bus services, and it is just a fact of life.

Amendment No. 7—another amendment proposed by the hon. Member for Wimbledon—is more perplexing. It appears to remove discretion from the local transport authority about how it would publish a consultation document, but it does not prescribe how it should be done. In the absence of anything further, the local transport authority could do only what it thought fit, having regard, of course, to the statutory guidance. The Government believe that local authorities can be relied on to take a reasonable view to how consultation documents should be published; it is something that they do all the time.

Amendment No. 8 would require the local transport authority to send copies of the consultation document to various specified people or classes of persons. That is over and above the list of statutory consultees specified in the Transport Act 2000. The guidance that we are proposing can supplement the statutory requirements on local authorities, without obliging them to follow it to the letter in every single case. We published this guidance in draft in December, but we will consult on a revised version of the quality contracts scheme volume around the turn of the year, taking into account a number of points made in debates both here and in the other place. The guidance will certainly highlight the need to ensure that bodies representing disabled people are properly consulted.

Rob Marris: Does the Minister view amendment No. 8 as almost a wrecking one, as under (c)(iii), all the consultees have to be

"living within 150 metres of any part of the route as specified in the proposed scheme"?

If one person were missed out, we would end up with judicial review, which reveals it to be a wrecking amendment, does it not?

Paul Clark: I think that my hon. Friend may well have put his finger directly on the intention behind some of these amendments—*[Interruption.]* I am sure that the hon. Member for Wimbledon has been closely following our deliberations and he will have read the amendments tabled by others.

Rob Marris: Will the Minister give way again on that point?

Paul Clark: No; let me make some progress. In common, however, with my right hon. Friend the Member for Doncaster, Central, I want to respond to the amendments and to comments made by right hon. and hon. Members in the debate. Indeed, it would be discourteous not to do so.

My hon. Friend the Member for Manchester, Blackley (Graham Stringer) raised a number of points, particularly about how QCS boards will view the public interest. He hoped that the boards would not nit-pick too much—I think that that was my hon. Friend's terminology. It will certainly not be the job of QCS boards to second-guess every point of detail in a local authority's proposal. Their role will be to ensure that a proper and plausible analysis had been carried out. My hon. Friend was equally concerned about drafting issues and I can confirm that the reference to the

"coming into force of a quality contract"

does, indeed, mean the date on which services start to be provided under that contract. We think that that meaning is made clear by the rest of the wording in new section (1A)(a) inserted by amendment No. 124.

My hon. Friends the Members for Manchester, Blackley and for Hayes and Harlington (John McDonnell) raised a number of issues, including about the number of days of notice to be given. We can confirm that the notice period will be dealt with in regulations and increased from 56 to 112 days, which we believe is the right time for a period of transition towards a quality contracts scheme.

In addition, questions about the tribunal process have been asked. I had hoped that my earlier comments clarified the position, but my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) was particularly concerned about it. I reiterate that our intention is to ensure that the process is not overly cumbersome. We cannot prejudge what our Ministry of Justice colleagues will do, but I can give an assurance that, whatever the outcome, the process will have taken less time than a judicial review does.

My hon. Friends the Members for Hayes and Harlington and for Eccles (Ian Stewart) asked about the wording of "broadly comparable" and whether anyone would end up worse off. The "broadly comparable" wording in the amendment is consistent with the wording in the Local Government Act 2003, which makes provision for pension protection policy where activities are contracted out by the local authority. We are not aware of any difficulties that have arisen from the use of that wording. We are happy to work with the unions and other interested parties as we develop the secondary legislation that will support this important Bill.

On whether quality contract workers will be eligible to join the local government pension scheme, it would obviously be for an employer to determine what pension provision to offer its work force—subject, of course, to meeting the requirements set out in the regulations. The Government have confirmed to the trade unions that an operator of services provided under a quality contract would be eligible to join the local government pension scheme in respect of employees engaged in the provision of services under the quality contract.

Ian Stewart: Will my hon. Friend clarify, on that specific point, that that will also apply to employees of operators who are not local government operators?

Paul Clark: This covers all employees who have been working under quality contract schemes.

Let me turn finally to issues of unfair dismissal, particularly whether it is automatically unfair if an employee is dismissed by an operator who fails to win a quality contract. We do not believe that that constitutes unfair dismissal. Because of the changes that we introduced in the mid-1980s, buses operate under a deregulated market, so bus operators, like suppliers in all sectors of the economy, are free to decide what services they wish to provide.

The Employment Rights Act 1996 provides that the dismissal of employees who are redundant is not unfair dismissal. That is an important principle in employment legislation. The best we can do is, first, ensure that, wherever possible, employees in the area of quality contract schemes are protected by TUPE and, secondly, minimise as far as possible the likelihood of that situation arising where TUPE does not apply.

John McDonnell: I welcome many of the statements that the Minister has made tonight with regard to TUPE. A joint mechanism between the Government and the trade unions would be invaluable to monitor the implementation of the legislation in the coming period, particularly the detail that will be in the regulations, which he will publish in due course.

Paul Clark: I am sure that my hon. Friend will be one of those who scrutinises how well the legislation works. He will be well aware that there are mechanisms to check how it operates, and that can be done in conjunction with all those who have an interest, including the trade unions.

Ian Stewart: My hon. Friend has not been able to give complete reassurance to those of us who are concerned about that aspect of employment law, but—just in case any employers do not understand—will he reiterate that all other employment protections remain in place for workers who are made redundant?

Paul Clark: We have made it clear in the Bill that we have moved a long way on TUPE provisions and extended them to include those on pensions.

Before I conclude, may I make one point clear? I gave an answer on the 112-day consultation period: all that is out to consultation with the very people whom some of my colleagues want to see involved—the trade unions—as well as all concerned.

We have had an interesting debate about major issues. [HON. MEMBERS: "Hear, hear!"] I am delighted that Conservative Members agree, because I am sure that they want for their constituents good bus services that run on time, use all the available facilities and work in conjunction with all concerned to deliver a public benefit. On that basis, I have no doubt that they will want to join us in the Lobby. I commend new clause 9 to the House.

Question put and agreed to.

Clause read a Second time.

Amendment proposed to the proposed new clause: (b), in line 31, leave out "three months" and insert "one month".—*[Stephen Hammond.]*

Question put, That the amendment be made:—

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): Order. I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 144, Noes 302.

Division No. 289] **[6.43 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Duddridge, James
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and
Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Beith, rh Sir Alan
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Breed, Mr. Colin
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda

Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh David
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reid, rh John
Rennie, Willie
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Dr. Tony

Tellers for the Noes:
Ian Lucas and
Steve McCabe

Question accordingly negatived.
Clause added to the Bill.

Mr. Hugo Swire (East Devon) (Con): On a point of order, Madam Deputy Speaker. Your answer to the following question may well be that we have pagers and that the vote was advertised on the screens, but for those of us who were not looking at either, may I inform you that the Division bell failed to ring in Portcullis House and thus some of us missed the vote? Might you make inquiries as to why it was not working, and ensure that it will be working for any future votes this evening?

Madam Deputy Speaker: I thank the hon. Gentleman. He is one of several Members who have informed me that the Division bells were not ringing in Portcullis House. On the basis of that information, I extended the period before the doors were locked by two minutes. I am aware that Members rely on the Division bells, but he is right to point out that they also have other means of knowing when there is a vote. As we are speaking, investigations are under way to make sure, as far as we can, that the Division bells will be working in any subsequent Divisions. May I also remind hon. Members to check their pagers and BlackBerrys and the Annunciator?

Peter Luff (Mid-Worcestershire) (Con): Further to that point of order, Madam Deputy Speaker. In light of that wise ruling—as all rulings from the Chair are—may I remind the House through you, Madam Deputy Speaker, that mobile phone signals do not work in Portcullis House and that our pagers are not reliable there? We rely on the Division bells, so they really do need to work.

Madam Deputy Speaker: Perhaps that is a matter that the hon. Gentleman might take up via other channels? In the meantime, may I remind all Members that when

[Madam Deputy Speaker]

they are not in the Chamber they should keep an eye on the other methods by which they are informed that a vote is taking place?

New Clause 10

PROVISION THAT MAY BE MADE IN AN ORDER UNDER SECTION 73

'(1) An order under section 73 may make, in relation to the ITA,—

(a) provision about its constitutional arrangements (within the meaning given by section 78(2)),

(b) any provision which may be made by an order under section 79, 80 or 81.

(2) An order made by virtue of subsection (1)(a) which includes provision about the number and appointment of members of the ITA must provide—

(a) for a majority of the members of the ITA to be appointed by the ITA's constituent councils (see subsection (3)),

(b) for those members to be appointed from among the elected members of the constituent councils, and

(c) for each of the representative councils (see subsection (4)) to appoint at least one of its elected members as a member of the ITA.

(3) For the purposes of this section, the constituent councils of an ITA are—

(a) any county council, and

(b) any district council,

for an area within the integrated transport area of the ITA.

(4) For the purposes of subsection (2)(c), the following councils are representative councils in respect of an area to be designated as the integrated transport area of an ITA—

(a) if that area includes the whole of a county, the county council;

(b) if that area includes a metropolitan district or a non-metropolitan district comprised in an area for which there is no county council, the district council;

(c) if that area includes one or more districts in a county but does not include the whole county, either the county council or the council for each of those districts (as determined by or in accordance with the order in question).

(5) If an order made by virtue of subsection (1)(a) provides for members of an ITA to be appointed otherwise than from among the elected members of its constituent councils (see subsection (2)(a) of section 78), it must provide for those members to be non-voting members (see subsection (2)(b) of that section).

(6) The voting members of an ITA may resolve that provision made in accordance with subsection (5) is not to apply in the case of the ITA.'.—*[Paul Clark.]*

Brought up, and read the First time.

Paul Clark: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following: amendments (a) and (b) to Government new clause 10.

Government new clause 11—*Provision that may be made in an order under section 78: membership of ITA.*

Amendments (a) and (b) thereto.

Amendment No. 11, in clause 73, page 64, line 6, in clause 73, at end insert—

'(2A) An order may be made only if all of the constituent councils of the proposed ITA have approved the scheme by means of—

(a) a resolution, and

(b) a public referendum.'.

Government amendment No. 151.

Amendment No. 29, page 64, line 31, leave out paragraph (b) and insert—

'(b) for those members to be appointed from among the elected members of the constituent councils in such numbers as to be proportionate to the representation of political parties on those councils'.

Amendment No. 12, page 64, line 32, at end insert

', and

(c) for those members to be appointed from among the members of the different political parties represented in the constituent councils, in such numbers as to be proportionate to the representation of political parties on those councils'.

Amendment No. 13, page 64, line 32, at end insert—

'(8A) Only those members appointed from among the elected members of the constituent councils under subsection (8) will be permitted to vote in the ITA'.

Government amendment No. 152.

Amendment No. 26, in clause 78, page 68, line 29, at end insert

'but which arrangements must provide that members of the ITA who are not elected members of the ITA's constituent councils may not vote unless this is unanimously agreed by the ITA's elected members.'.

Government amendment No. 153.

Amendment No. 101, page 68, line 37, at end insert—

'(c) for the ITA to determine what matters members of the ITA who are not elected members of the constituent councils may not vote on (which may include any matters relating to the funding or expenditure of the ITA, whether of a capital or revenue nature).'.

Government amendments Nos. 156 and 157.

Amendment No. 64, in clause 87, page 74, leave out subsection (2) and insert—

'(2) The Secretary of State may not make an order under this Chapter unless the Secretary of State has laid a draft of the order before each House of Parliament and the remaining provisions of this section have been complied with.

(3) The Secretary of State must have regard to—

(a) any representations,

(b) any resolution of either House of Parliament; and

(c) any recommendations of a committee of either House of Parliament on the draft order,

made on or with regard to the draft order during the 60-day period.

(4) If, after the expiry of the 60-day period, the Secretary of State wishes to make an order in the terms of the draft, he must lay before Parliament a statement—

(a) stating whether any representations were made under subsection (3)(a); and

(b) if any representations were so made, giving details of them.

(5) The Secretary of State may after the laying of such a statement make an order in the terms of the draft if it is first approved by a resolution of each House of Parliament.

(6) However, a committee of either House may, at any time after the laying of a statement under subsection (4) and before the draft order is approved by that House under subsection (5), recommend under this subsection that no further proceedings be taken in relation to the draft order.

(7) Where a recommendation is made by a committee of either House under subsection (6) in relation to a draft order, no proceedings may be taken in relation to the draft order in that House under subsection (5) unless the recommendation is, in the same Session, rejected by resolution of that House.

(8) If, after the expiry of the 60-day period, the Secretary of State wishes to make an order consisting of a version of the draft order with material changes, he must lay before Parliament—

(a) a revised draft order; and

(b) a statement giving details of—

(i) any representations made under subsection (3)(a); and

(ii) the revisions proposed.

(9) The Secretary of State may after laying a revised draft order and statement under subsection (8) make an order in the terms of the revised draft if it is first approved by a resolution of each House of Parliament.

(10) However, a committee of either House may, at any time after the revised draft order is laid under subsection (8) and before it is approved by that House under subsection (9), recommend under this subsection that no further proceedings be taken in relation to the revised draft order.

(11) Where a recommendation is made by a committee of either House under subsection (10) in relation to a revised draft order, no proceedings may be taken in relation to the revised draft order in that House under subsection (9) unless the recommendation is, in the same Session, rejected by resolution of that House.

(12) Where a person making representations under subsection (3)(a) has requested the Secretary of State not to disclose them, the Secretary of State must not disclose them under subsections (4)(b) or (8)(b)(i) if or to the extent that to do so would (disregarding any connection with proceedings in Parliament) constitute a breach of confidence actionable by any person.

(13) If information in representations made by a person in response to consultation under subsection (3)(a) relates to another person, the Secretary of State need not disclose the information under subsection (4)(b) or (8)(b)(i) if or to the extent that—

(a) it appears to the Secretary of State that the disclosure of that information could adversely affect the interests of that other person; and

(b) the Secretary of State has been unable to obtain the consent of that other person to the disclosure.

(14) Subsections (12) and (13) do not affect any disclosure that is requested by, and made to, a committee of either House of Parliament charged with reporting on the draft order.

(15) For the purposes of subsections (5) and (9) an order is made in the terms of a draft order if it contains no material changes to the provisions of the draft order.

(16) In this section the "60-day period" means the period of 60 days beginning with the day on which the draft order was laid before Parliament under subsection (2).'.

Paul Clark: I shall also discuss new clause 11 and amendments Nos. 151, 152, 153, 156 and 157, in the name of the Government. All these amendments deal with the membership of integrated transport authorities.

The strengthened powers for local authorities to improve bus services in their areas—which we discussed under the previous group of amendments—will be most effective if they are supported by the right arrangements for taking decisions at a local level. There is a clear consensus that in our larger urban areas outside London the current leadership and delivery arrangements for transport do not work as well as they might and that they need to be updated to reflect changing patterns of transport. The current governance arrangements in our major cities date from 1968. The Transport Act 1968 allowed for the establishment of passenger transport authorities with overall responsibility for public transport services across each of those cities. By the time of the establishment of the metropolitan county councils in 1974, there were six of these PTAs, covering the west midlands, south and west Yorkshire, Greater Manchester, Tyne and Wear and Merseyside. One was also set up north of the border in Strathclyde. Although the PTAs survived the abolition of the metropolitan county councils in the mid-1980s, the power to create further PTAs was removed from the statute book, even in circumstances where local authorities themselves were keen to see new ones set up. So, the broad arrangements for local transport decision making have, almost unbelievably, effectively been frozen since then.

Over the last quarter of a century, there have, inevitably, been many changes in the transport needs and patterns of different areas—for example, in the distance that commuters are prepared to travel to their workplaces—yet the existing legislation offers very little flexibility to update local arrangements for the planning and delivery of transport, or for one PTA area to do things differently from another, where local needs differ; hence our provision in this part of the Bill.

I come now to the Government's amendments. At present, membership of each of the six English PTAs consists entirely of local councillors representing each of the local authorities that make up the passenger transport area. The Bill offers greater flexibility, both to areas that are considering setting up a new integrated transport area and authority and to those where the existing PTA has become an ITA, as to whether they would prefer to broaden the membership of their ITA to allow a wider range of bodies or persons to be represented on it. At the same time, a majority of members of each ITA would still have to be elected members of the local authorities that make up the integrated transport area.

Mrs. Ellman: Will my hon. Friend explain how the changed membership of the ITAs could, together with their new functions, allow better integration of local bus services with rail services?

Paul Clark: I shall come on to those points shortly, but let me say that the ITAs will be able to draw together responsibilities for integrated transport. The title of integrated transport authority itself highlights that this is not just a simple change from passenger transport authorities to ITAs, but that it is very much about bringing together all the transport requirements—a point that covers exactly the issue that my hon. Friend raised.

Mr. Andrew Turner (Isle of Wight) (Con): The hon. Gentleman has just explained how responsibilities will be broadened under the ITAs. Will he explain how ITAs might include my mode of transport hither and to across the Solent—ferries?

Paul Clark: First, let me say that it is up to local authorities to make a decision to review their transport arrangements and to come forward with a proposal to establish an ITA. Therefore, it would be within the scope of the authorities in the hon. Gentleman's area of the Isle of Wight to have discussions and look at

[Paul Clark]

whether some form of ITA could be created within those authorities. It is not for the Secretary of State, or central Government in general, to dictate what the local authorities should do; it is up to them to come forward with proposals as to how they might take advantage of the Bill.

A range of issues relating to ITA membership was explored in detail in Committee. In particular, concerns were raised as to whether it was appropriate for those members of an ITA who were not elected representatives of a local authority to be able to vote on matters in the integrated transport authority. As we explained at the time, we are keen not to be too prescriptive in the Bill about the details of the structure of each ITA and how it will operate. As I indicated to the hon. Gentleman, we think that it is far better for us to leave different areas the flexibility to do things differently if they so wish, including deciding whether non-elected members of ITAs should be able to vote.

Mark Hunter: Just a few moments ago, when we were discussing the previous group of amendments, the Minister agreed about the importance of local democratic accountability. He made the point forcefully that the local authority would have the final say on quality contracts, and that it would not be left to advisers. Will he explain to the House why this is a different principle? Why does he feel that the matter that we are discussing now should be at the discretion of local authorities, and why is the principle of democratic accountability not just as important on this matter as on the one that we were talking about just a few moments ago?

Paul Clark: The ITAs will consider all the transport options that exist. We are still giving the final say to local authorities, and in fact it is provided that they will be in the majority on any ITA board. Representatives of the local authorities will make up the larger number, and there will be a minimum of one representative from each authority in the ITA area. Equally, it would be right for them to bring in others, potentially including representatives of users—that option would be open to the ITA, and local members—to be involved in their deliberations and discussions. Whether they had voting rights would be decided by the elected members of the ITA. I hope that that covers the hon. Gentleman's point.

Rob Marris: May I draw my hon. Friend's attention to new clause 10(5)? I am clearly reading it differently from him. It states that

"it must provide for those members to be non-voting members"—

"must" not "may". As I interpret it, he appears to be saying that they may be non-voting members. The wording in the bit that I am reading, which may not be the bit that applies to what he is saying, states that they must.

Paul Clark: I thank my hon. Friend. It is certainly the case that if an ITA decides that it wishes to include other representatives, for example of bus users, operators or a number of other groups depending on local requirements, it will have the ability to do so. It will then be able to decide on which matters those non-elected, non-local authority members will vote. That is exactly the provision.

Perhaps if I turn my attention particularly to new clauses 10 and 11, I may elucidate on what I have just said. Members of all parties recognised that voting arrangements are best decided locally, which was why we were happy to respond with new clause 10, which applies to secondary legislation setting up new ITAs, and new clause 11, which applies to secondary legislation covering ITAs that already exist. They provide that it will be for each ITA to decide for itself whether those of its members who are not elected members of the local authorities but who are appointed by them should be able to vote, and if so, on which issues. That is instead of the issue being determined in the governance order to be made by the Secretary of State.

Graham Stringer: I have been puzzling over new clause 10(5) and (6) since I first read them. Subsection (6) clearly provides for local determination on the voting rights of non-elected members on a committee, but will that be reversible on a meeting-by-meeting basis?

7.15 pm

Paul Clark: It will be for the local ITA to decide how that provision will operate. It might decide on voting rights on issues that appear on the agenda for a given meeting, or it might well decide on broad categories of provisions. It could agree that non-elected members cannot vote on finance issues, or another such category. There will clearly be supporting guidance to help ITAs through that process, but it will be for them to deem how they run their own affairs.

Graham Stringer: I am grateful to my hon. Friend for being generous in giving way on a difficult point. My concern is this: if a party in control of an ITA can bring people on to it and give them voting rights on everything from capital and revenue expenditure to the network route, will it be able to say that those people have voting rights for four years, potentially undermining any elections in its constituent authorities? That is not clear from the new clauses.

Paul Clark: My hon. Friend raises an interesting point. If I recall correctly, the authorities themselves will be able to review provisions under the new clauses periodically. I shall return to that issue shortly, but I recall that they will certainly be able to review them as and when required. Of course, there is a requirement for the ITAs to follow the rules and regulations on political balance, to reflect the constituent local authorities that make up the ITA.

Mr. Leech: Surely it would be far more straightforward to get that expertise on board with an ITA but give non-elected members no voting rights.

Paul Clark: That course of action would be open to individual ITAs. As I have said, it will be up to an ITA to decide locally whether those members have voting rights. That will be entirely its decision to make, and the concern that my hon. Friend the Member for Manchester, Blackley (Graham Stringer) has indicated could be taken into account.

The new clauses also make it clear that each council that falls within an ITA area should be able to appoint at least one of its elected councillors as a member of the

ITA, or that if there is a two-tier local government structure, the area must be represented at either county or district level.

Mr. Betts: May I return to the previous issue? I realise that it is a tricky point, and I understand that the Minister listened to what was said about concerns over voting rights for non-elected members of an ITA. The problem is that although the members of an ITA will be able to decide whether non-elected members can vote on particular issues, if a party with a majority sees an election coming that it might lose, it could seek to build in its majority by giving rights to non-elected people. That is the real concern.

If the Minister were able to give some assurance that in making secondary legislation he will guarantee that the decision is to be revisited after every local election, that would probably do quite a lot to remove hon. Members' concerns.

Paul Clark: I thank my hon. Friend. I wish to be absolutely certain that it is clear that non-elected members of an ITA will always be in the minority, because we have arranged it in that way.

Secondly, a minimum of one representative from each of the local authorities that are party to the integrated transport authority will be involved, and the political balance regulations laid out clearly in other legislation will have to be followed. Obviously, if there were a change after an election such as my hon. Friend mentioned, for example, the make-up of the ITA could be revisited.

Ian Stewart: Hon. Members are labouring this point because some of us have experience of hung groups relating to political alliances, and such situations make matters all the more complicated.

Paul Clark: I understand what my hon. Friend is saying. Nothing in life is easy, and all I can say to him is that he should ensure that, through people coming out to vote correctly, his area does not end up with a hung ITA. It would be equally wrong for us to try to prescribe at central Government level how local authorities should handle the delivery of transport in their area. It is right that local authorities should make decisions on such matters and set up the governance arrangements that they want to have. The ITA can always decide to take away voting rights by overturning a resolution that it passed earlier giving voting rights in the first place, and that is why we are allowing local people to make that local decision.

Mark Hunter: A goodly number of hon. Members appear to share a concern that the Government are creating an unnecessary problem. Nobody is making the case that other people should not be involved in these organisations, and nobody is saying that their expertise as transport users and so on might not be useful. We are simply saying that they should have advisory status only. Given the arguments about democratic accountability that the Minister was advancing just a few moments ago, I simply do not understand why he has set a hare running on this issue. With the best will in the world, it is clear from some of the answers given that he does not have a clear response to the various points being made by his Labour colleagues.

Paul Clark: I assure the hon. Gentleman that there is a clear response: it is a matter for local people—local, democratically elected councillors—on the ITA to decide whether non-elected people are incorporated into that body, whether they have any powers to vote and, if so, on what issues. We are providing for the local members on that ITA to have that power.

Stephen Hammond: Let me try to help the Minister, because there is an easy solution to this matter. It is my amendment No. 13, which states:

"Only those members appointed from among the elected members of the constituent councils…will be permitted to vote in the ITA".

If he were to accept it, we would cut the Gordian knot on this issue.

Paul Clark: Equally, Labour Members believe that local authorities and local elected representatives should have the power to decide, and we want to provide for that.

Mr. Leech: Could the Minister tell the House how many local authorities or passenger transport authorities have made representations to the Government asking them to put other, non-elected members on their new ITA? Which local authorities have made such representations?

Paul Clark: I understand what the hon. Gentleman is asking, but I do not want to end up in a situation such as the one that arose from the Transport Act 1968. For the past 25 years, following the abolition of the metropolitan county councils, we have not been able to amend things to allow the flexibility that would reflect the changes in transport demands in our cities and in our towns and meet the requirements of our constituents and the local businesses that operate in those towns and cities. Therefore, prescribing what the decision-making processes of locally elected representatives should and should not be would be the wrong step to take.

Stephen Hammond: The Minister is clear in his determination to ensure that local authorities can decide which non-elected members serve on those bodies and whether those people can vote. Can he explain where else in local government such a structure is in existence?

Paul Clark: If I recall correctly, such provisions exist within other local government legislation in respect of health improvement forums and so on. We should not necessarily seek to implement decision-making processes in transport in the same way, because this is a complex area. We must respond to local needs, and that is exactly what we are endeavouring to ensure. There are precedents for other joint bodies having non-elected members, such as national park authorities and police authorities—I knew that I would think of them.

Mr. Clelland: I am sorry to labour this point. I applaud the Minister for what he is saying about giving maximum flexibility to local elected members—that is music to my ears—but introducing non-elected members is a slightly different proposition. For instance, we would not, in law, allow local authorities to recruit people who were not elected and then allow them to vote and make decisions. The same principle should apply in this instance, so he should re-examine this matter.

Paul Clark: I take on board my hon. Friend's comments. It is in the hands of local people to make these decisions. If they decide not to involve outside bodies, such as representatives from service users groups, so be it—that is a matter for them to decide. If they decide to have transport users on their board and they went them to be able to vote, that is also up to the ITA. As I have said, the elected members of the ITA will always be in the majority.

Mr. Lee Scott (Ilford, North) (Con): Would not the amendment tabled by my hon. Friend the Member for Wimbledon (Stephen Hammond) cover this point? It would not prevent advisers from being appointed; it would prevent the ITAs from being loaded committees, because it would be elected members who were in a position to vote. Surely accepting the amendment would be a simple way of making progress.

Paul Clark: I find it difficult to accept that we should not include representatives of other organisations if the locally elected representatives deem it desirable to do so. They should have an opportunity to make that decision, and that is why I would not go down the route that the hon. Gentleman suggests.

Rob Marris: I wish to tease this matter out by simplifying it for the Minister. In the west midlands, there are seven metropolitan authorities. Let us suppose that there are seven members of the passenger transport authorities, although that is not quite the case. The west midlands is a swing area, which is, unfortunately, controlled predominantly by the Conservatives at the moment. Let us also suppose that a few years ago, Labour, predominating among those seven councils, had appointed six—a minority on the PTA—of these non-elected members for a four-year term. Elections take place in the west midlands authorities three out of every four years, so in practical terms there is an election every year. During the four-year term of the six appointed members, the predominant control could change so that there were two Labour and five Conservative authorities. As Labour had packed the PTA with six non-elected members on a four-year term, however—our party would not do that, but we are talking about a hypothetical situation—despite the fact that the preponderance within the metropolitan authority would have changed, there would be a majority on the ITA of Labour representatives; there would be six "placemen" and two from the two remaining local authorities. Hon. Members from metropolitan districts are concerned that such a situation could occur, and on that basis, I urge the Minister to re-examine the mathematics of how this arrangement could play out in metropolitan authorities. I am not suggesting that any party would play fast and loose, but we need democratic safeguards.

7.30 pm

Paul Clark: I accept that there are concerns, but they may differ according to the area. There may be one set of concerns in my hon. Friend's area, and another in the constituency of the hon. Member for Isle of Wight (Mr. Turner) about any ITA that may be set up there. Those concerns have to be taken into account when people are deciding how their ITA should operate. The danger of prescribing exactly what should happen in every ITA is that it could take us back to 1968, and the inability to change for 25 years.

Mrs. Ellman: I shall try to help the Minister. Could the issue be interpreted in relation to Government amendment No. 156, which refers to the need for political balance?

Paul Clark: As I said earlier, locally elected members will always be in the majority on the authority, and that has to represent the political balance under the existing legislation covering those public bodies.

Ms Angela C. Smith: Although I would prefer elected members only to take part in votes, I understand the Government's desire for flexibility. Would it help if we had a commitment to establishing boundaries for the reasons to give voting rights to non-voting members of ITAs? In other words, we could clearly state the grounds on which an ITA could grant such rights. The nervousness of Labour Members relates to the possibility of political parties playing fast and loose with this provision. In south Yorkshire, we have three main parties—Labour, Liberal Democrat and independents. Increasingly, they are coming into balance on PTAs, so the opportunities to abuse the system are great.

Paul Clark: In practice, I am sure that suggestions and guidance will be provided on how ITAs might be set up, but I must reiterate that it will be for the local members to make the final decision—

Mr. John Redwood (Wokingham) (Con): As someone who wants democracy to work, I too would like to be helpful. Given that the Minister is insistent that non-elected members should be able to have voting rights, can he accommodate the concerns of many Members by providing that the voting rights of non-elected members should be renewed after every council election?

Paul Clark: As I have said before, that will be an option for the ITA, as the rules and regulations set out. If an ITA changed, in terms of the representation of newly elected members from the local authority after a given May election, it would be for it to decide the rights of the non-elected members. The Local Government and Housing Act 1989 sets out the political balance requirements, and section 15 sets out the principles, including the need to review all appointments after political changes. That is the point that I have just made.

Ian Stewart: As has been pointed out, if the ITA has the power to decide that non-elected members can have voting rights for several years, they may be entitled to be involved in the initial decisions at the annual general meeting. The question is whether the elected politicians should run the AGM and decide, after each AGM or council election, whether the non-elected members should have voting powers.

Paul Clark: That is for the ITA to decide. I repeat that locally elected members will always be in the majority. It could be that the ITA decided at its AGM that non-elected members were not to vote, or could not vote on constitutional issues. A range of options will be open to the ITA, and that is what we are trying to allow. We want proper representation with proper structures to deliver good public bus services, as we discussed regarding the first group of amendments. We want to modernise the delivery of those services.

In addition to the changes to clauses 73 and 78, the amendments would also take the opportunity to tidy up the structure of the clauses by placing the provisions covering membership of ITAs in two new free-standing clauses. Government amendments Nos. 151 and 153 therefore delete the existing references to ITA membership in clauses 73 and 78, as these will now be covered by Government new clauses 10 and 11.

Government amendment No. 156 is intended to ensure that the political balance of those district and county councils that make up the area of a newly established ITA is reflected in the appointments made by those councils to an ITA. That also responds to concerns raised in Committee that a governance order under part 5 of the Bill could be used to circumvent the new political balance requirements. In fact, PTAs are already subject to section 15 of the Local Government Act 1989, which requires that the political balance of the local authority representatives who sit on a PTA reflects the political balance of the constituent councils that make up the passenger transport area. There may have been some confusion on this point in Committee, but I can reassure hon. Members that section 15 of the 1989 Act will also apply to integrated transport authorities—not just to those six ITAs that will replace the existing PTAs, but also to any new ITAs that might be set up in future.

I recognise that there were some concerns that the powers in clause 86 for the Secretary of State to make incidental, consequential, transitional and supplementary provision by order could, at least in theory, be used to disapply the requirement for ITAs to be subject to political balance. I am very happy to make it clear that the Government believe the membership of ITAs should be subject to the rules on political balance, in the same way as are other authorities to which the 1989 Act applies. Government amendment No. 156 underlines that by making it clear that the powers in clause 86 cannot be used to remove the requirements for ITAs to be subject to the rules on political balance.

Government amendment No. 152 makes a small drafting correction in clause 76. Government amendment No. 157 provides that orders under clauses 73 to 91 of the Bill would not be subject to the hybrid instruments procedure when laid before Parliament. That would apply to orders made by the Secretary of State in response to proposals for changes to existing arrangements put forward by local authorities of the sort that we have already been discussing, such as an order setting up a new ITA or making changes to the boundaries of an existing ITA.

The amendment would, of course, apply only to proceedings in another place, as the hybrid instruments procedure does not apply to this House. Such dehybridising clauses are not unusual in local government legislation. Similar provisions have been included recently in the Local Government and Public Involvement in Health Act 2007 and the Housing and Regeneration Act 2008. Indeed, the Local Government Act 1992 also provided that orders setting up unitary authorities, such as those in Hartlepool or the City of Leicester, would not be subject to hybrid procedures.

The Bill quite properly already provides that governance orders under it should receive detailed scrutiny, both inside and outside Parliament. Clause 87 therefore provides that they will be subject to affirmative resolution in both Houses. Equally, clauses 73(10) and 85(4) provide that the Secretary of State must consult relevant local authorities and other parties with an interest before such orders are made. Given that fact and the precedents that I have mentioned, the Government do not feel that potentially subjecting such orders to hybrid procedures is necessary to ensure the proper scrutiny of the proposals. That is especially true as such a process could have the effect of delaying changes to existing governance arrangements, which have enjoyed widespread local support.

I am grateful to my hon. Friends and other hon. Members who raised important issues in Committee. We have reflected on those points before introducing these amendments. The amendments address the issues behind amendments Nos. 12, 13, 26 and 29, tabled by Opposition Members, and behind amendment No. 101, tabled by my hon. Friends. I hope that as a result that they will not feel that they need to push these amendments to a vote.

Stephen Hammond: I am glad to see the new clauses, although I would like slightly more clarification of certain parts of them. In Committee I said:

"In areas where there is no ITA, local people elect their councillors, who go on to implement local policy such as that on transport...Therefore, in ITA areas that process, or something similar to it, is preserved. My amendments"—

those that I tabled in Committee in April and May—

"would achieve that by ensuring that the members of the ITA who make and implement the transport policy were drawn from a pool of locally elected councillors. I question the need for direct elections, although I understand that that process would have even greater...linkage. We have a process whereby elected officials can sit in a democratically accountable way on an ITA, but unless the ITA reflects the political proportionality, democratic representation and democratic consent are removed."—[*Official Report, Local Transport Public Bill Committee*, 8 May 2008; c. 317-18.]

I am pleased to see the new clauses, because they begin to cover the issues that were raised in Committee and have been raised again tonight.

My argument in Committee, unlike my arguments on the previous group of amendments, gained some support from all parties. I argued that if ITAs were to be a success, they must be accountable and democratic: that the ITAs must be made up of elected members of the councils that constitute the ITA area; that those elected members must be appointed to the ITA in such a way that their numbers reflected the political make-up of the councils; and that, if there were to be unelected members, they should not have the right to vote. The Government's proposals go some way towards that. The new clauses are a starting point, offering total flexibility of membership and voting, that could lead to my desired finishing point of fully accountable ITAs.

The new clauses specify that each ITA must include at least one elected representative from each authority represented in the ITA. Furthermore, the Government's amendments specify that those members not appointed will be able to vote only on those matters that the ITA permits them to vote on. As hon. Members have said, that raises a number of issues, and so I have tabled two amendments to new clause 10 and a further two to new clause 11. Unless I get some further reassurance, I shall test the will of the House on amendment (b) to new clause 10. Those amendments complement my original amendment No. 12, which was tabled before the summer recess. The first effect of the amendments will be not only that a majority of ITA members will be local

[Stephen Hammond]

councillors, but that all of them will be. The second effect will be that the representation of the various political parties on an ITA will mirror that on the councils that comprise the ITA.

7.45 pm

The amendments to the new clauses also complement amendments Nos. 11 and 13, which were tabled before the summer. Amendment No. 11 will ensure that a new ITA can be set up only when there is public consent for it. I have given two options for how that consent could be given. Firstly, the elected councillors on each local authority could agree a resolution. Secondly, there could be a referendum. The principle of local validation and local accountability is extremely important to the Opposition. Indeed, we might return to it if we ever get to the clauses that deal with road charging.

When we debated the creation of ITAs in Committee, I was not alone in thinking that the then Minister was not entirely convincing in trying to persuade us that the current constitution and membership details were bottom-up arrangements and would have the impact and effect that most Members required. Amendment No. 13 goes further, and I hope that the Minister will reflect again on the subject before we finish tonight. The amendment will ensure that only members appointed from among the elected members of the constituent councils will be able to vote in the ITA—that is, that only democratically elected members will be able to vote.

Amendment No. 13 goes further than the Government's amendments, which, as we have discussed, say that the ITA can decide when and on what issues members may vote. I think that there is some support for amendment No. 13, which goes to the core of our democratic principles. We want ITAs to be democratically accountable bodies and it is therefore logical that the members of the ITA who are given the power to vote ought to have the mandate to do so by virtue of having been elected by local people to represent them and to take decisions on matters such as local transport.

With the new clauses, the Government have come a long way. They have left the starting blocks and are halfway around the track, and if they were to accept amendment No. 13 they would cross the finish line. I was not initially tempted to press amendment No. 13 to a vote, and I am probably persuaded that I should not. However, I hope that the Minister will consider the number of interventions from his own party and look again carefully at my wording. It will provide him with a way out and with the answer that his Back Benchers were looking for.

Let me turn to the other amendments in the group. Amendments Nos. 26 and 29 have been tabled by the Liberal Democrats, and amendment No. 26 is essentially the same as amendment No. 13. Amendment No. 101 is in the name of the hon. Member for Manchester, Blackley (Graham Stringer) and he states that the ITA will decide what matters non-elected members can vote on. I wonder whether that goes far enough in terms of what the House wants.

I agree with the Minister that amendments Nos. 151 to 153 appear to be purely consequential amendments. I certainly welcome amendment No. 156, which states that sections of the Local Government and Housing Act 1989 that relate to political balance on local authority committees cannot be disapplied by order. I think that the Minister has given the clear explanation of amendment No. 157 that I would otherwise have sought. I am certainly looking forward to hearing the hon. Member for Manchester, Blackley talk to amendment No. 64, because I am keen to hear exactly what he thinks that it will achieve.

Graham Stringer: My hon. Friend the Minister found himself in difficulties on this issue. I sympathise, because he walked into the job only very recently. I genuinely hope to be helpful by going through the issues as I see them. I hope that we can come to a resolution, if not now, then possibly in the other place.

When the metropolitan county councils were abolished, it became the constituent authorities' responsibility to send members to the passenger transport authorities and other joint boards. After a lot of argument, it became clear that rules had to be applied to retain the correct political balance. At best, my hon. Friend was not clear about the fact that that political balance relates to the number of members sent to the PTA by the constituent districts. If, for example, there was a Labour majority of one in Wolverhampton, the district could not send three or four Labour delegates to the PTA; it had to be proportionate. That requires a little thought. Although the constituent authorities will do their best to send a proportionate balance of members to the PTA—or, in future, the integrated transport authority—it is likely that the final balance will not reflect the balance across the county.

If, as seems intended in new clauses 10 and 11, we reduce the number of council representatives on the integrated transport authorities to one per authority—that is the minimum—it becomes impossible to reflect the political balance in the county, unless the county is a statistical freak. There are difficulties to do with where we start. In Committee, we discussed holding direct elections or referendums to set up the bodies, but that is not what the amendments that we are discussing are about.

In new clause 10(5) and (6), there is both a prohibition on having non-elected members on an ITA, and a power giving ITAs the ability to waive that prohibition. It is not clear what the purpose is of providing for such members. I do not mind the 47 professors of transport that universities feel they need being on integrated transport authorities. I do not mind bus operators or passengers being on them, either. Discussion with those people would add to elected members' knowledge. However, what is the purpose of allowing non-elected members to vote? I have not heard the Minister give any good reason for that.

I should like to query one statement of fact that the Minister made. He said that voting arrangements were determined locally. That is simply at odds with the facts. Local authorities cannot co-opt people with voting rights on to them. In fact, the right is jealously guarded. The Local Government Act 1972 got rid of aldermen, who had been there for ever—I mean, some of them, personally, had been there for ever. From that point on, all directly elected local authorities have been just that—they have had only elected members. That was the political balance. Where there are joint boards, an attempt is made to recreate that political balance on them. The

one exception is police authorities. Historically, magistrates have long been seen as almost equal, if not equal, to elected members of such authorities, but all the other authorities have jealously guarded the situation.

I would therefore be fascinated to hear the objective, beyond that of providing expertise, behind allowing non-elected members. The Minister said repeatedly that elected members will be in a majority, but that is not really the point. Those of us who stand for election do so because we believe certain things. Often, parties believe different things; that is why their representatives stand for election. What matters is the political balance. If the Labour party or Conservative party has one representative on a body, that is the balance that matters, and not whether there are more elected than non-elected members.

I ask my hon. Friend to think about that, because as things stand—given the fact that the relationship between subsections (5) and (6) is ill-defined, and given that there is no clear stated objective—the process can change the political balance of the authority, and we do not know how long for; it may be for four years, or for one year. That can be done while elected members remain in a majority.

As the hon. Member for Wimbledon (Stephen Hammond) said, I attempted to define and address some of those issues in amendment No. 101. Having listened to the debate, however, I think that it does not go far enough. I certainly will not press it to a Division, but I look to the Minister at least to make a statement in the House saying that he will look into the issues with a view to ensuring that the political balance is maintained within authorities. What is proposed in the Bill is at best ill-defined. The provisions were introduced in response to comments made in Committee, and I accept the Government's good will, but they could work to undermine essentially good proposals.

I cast the problem as being to do not just with members, but with the purpose of setting up integrated transport authorities; the Minister referred to that. In one sense, the purpose is to say, "Transport has probably not been considered as important as it should have been in the local democratic context, and we will give it a shove. We will have integrated transport authorities, and after consultation and once statutory instruments have been agreed to in this place and the other place, we will give them the ability to take highways powers away from local authorities." If that is the purpose—to give a push to transport—one has to keep the scheme in the most powerfully democratic context that one can.

I have been on passenger transport authorities, and I have been on the Transport Committee, although I was not on it when I was a member of the Government. I believe in giving transport as much help as it can get, but there are competing interests that must also be part of the democratic process. If one is setting up a bus priority measure, shopkeepers, local residents and pedestrians will often have very different views about it. If the proposals in the Bill were agreed to, and those with special interests from the transport world altered the political balance, there would be less and less possibility of people who disagree with transport proposals gaining their point through the democratic process.

Mr. Truswell: Is there not another problem with the proposal—that it may fall victim to what I might call the Thatcher test? When faced with selecting people, the right hon. Lady often used to ask, "Are they one of us?" It is one thing appointing "one of us" to any sort of authority, but it is quite another to give that person a vote.

Graham Stringer: I entirely agree with my hon. Friend.

Transport proposals are often at the core of the most intense debate in local areas. In Greater Manchester a tremendous row is going on about the transport innovation fund proposals. A referendum on the matter has been proposed, but many of us believe that the question has been fiddled. Transport is not an easy subject, and to take it further from the democratic process may well be a mistake.

My final amendment does not focus on the detailed working and structure of integrated transport authorities and how they could be made fair, democratic and effective; it deals with how they are created. We had that discussion in Committee. The Government's position is that ITAs should be created by statutory instrument, under the affirmative procedure because they fundamentally change the structure of local government. Highways powers will be changed, and borrowing powers may well be transferred to different authorities. People will be able to vote more easily to effect some policies as an elector if the proposals go ahead.

8 pm

One of the reasons that the local government structure is not as good as it should be is that these issues are extremely difficult to deal with. People have interests and they often have rows about boundaries and about the powers involved. When I proposed the super-affirmative process—the regulatory reform order—rather than a simple SI, the then Minister, my right hon. Friend the Member for Doncaster, Central (Ms Winterton) made two points in Committee on 8 May.

One of those points was that the Delegated Powers and Regulatory Reform Committee of the other place had concluded:

"we do not consider these delegations inappropriate",

but that is not the same as saying that the proposals are better—that a regulatory reform order or a super-affirmative process would not be better, because the difference between a super-affirmative process and an ordinary SI, apart from the fact that if there is dissent, there can be longer debate on the Floor of both Houses, is that representations can be made directly to the Committee dealing with them and amendments can be made to the regulatory reform order before it is placed before both Houses. On issues that are highly controversial, that separate parliamentary pathway, with more consultation and more ability to amend, is better than an SI, which would be passed on a whipped vote, as the recent changes to Cheshire were.

The other defence deployed by my right hon. Friend was that SIs had recently been introduced for changing local government structure. If one thinks back to the rows and debates that took place about Cheshire, it seems that the system has not worked to the satisfaction of hon. Members or the electorate in Cheshire. People did not feel that they had been convinced.

I have spoken for longer than I intended, but in the debate at the start of this group of amendments we have unearthed something unsatisfactory as the Government

try in new clause 10 to improve the process of setting up integrated transport authorities. I leave my hon. Friend the Minister with one final thought. If, by means of ITAs, we are trying to set up not good transport authorities with elected members who have a relationship with the electorate, but a process that is moving towards the quangoisation of transport, looking to the way that Transport for London has been set up in a completely different political context, it would be easy to interpret the provision as a way of saying that transport in the metropolitan areas, and possibly eventually in the shire counties or the unitary authorities if they go for the same structure, are on the way to being quangos, because we are creating an almost equal status for non-elected members as for elected members, with no clear idea of the purpose of their voting on that body.

Mr. Leech: I shall comment briefly on the proposed make-up of integrated transport authorities and the voting rights within them. It is clear that the Minister has considered the concerns expressed in Committee by my hon. Friend the Member for Lewes (Norman Baker) and by other hon. Members about the political accountability of ITAs, but unfortunately the Government amendments do not go nearly far enough to allay those concerns.

The guarantee in the Government's new clauses that each ITA would include at least one elected councillor from each local authority is not enough to guarantee political balance and the local accountability of the ITA. In his opening remarks the Minister was quick to argue that the Government were seeking not to dictate to local authorities on the make-up of the new ITAs and whether non-elected members had voting rights, but he was unable to give one example of a local authority or PTA that was asking for the power to include non-elected people in the ITA with voting rights.

The current arrangements for PTAs are hardly perfect, but at least they make some attempt to reflect the relative size of each local authority and its political make-up. In Greater Manchester, for instance, the Labour party recently lost control of the passenger transport authority, but that would almost certainly not have happened if the PTA were made up of one member from each local authority area. The temptation will be great for so-called independent members of ITAs to be selected by political allegiance, rather than because of their transport knowledge.

Surely, therefore, the most appropriate way forward is to ensure that any independently appointed members of the ITA have no voting rights. The Government can attempt to put as many restrictions in place as they want, but if they continue to insist on voting rights for non-elected members, they will seriously damage the accountability of each ITA.

Amendment No. 26 in my name and that of my hon. Friend the Member for Lewes seeks to restrict voting rights on the ITA to elected councillors appointed by individual local authorities, while allowing for independent members who have expertise in transport matters. It is right and proper that an ITA should benefit from the expertise and experience that some appointed members may be able to contribute. It is not right or proper, however, that those people should exercise votes. The only people who should have voting rights are elected members of an ITA's constituent council. Those members are the only ones truly accountable to the local people on whose behalf decisions relating to transport matters are made.

Rob Marris: I am following what the hon. Gentleman is saying, but it appears to contradict his amendment No. 26, to which he has just referred. The amendment says that

"arrangements must provide that members of the ITA who are not elected members of the ITA's constituent councils may not vote unless this is unanimously agreed by the ITA's elected members."

In the Chamber tonight, the hon. Gentleman appears to be enunciating a principle, which I quite understand; his amendment, however, seems to straddle that principle somewhat. Which is his position?

Mr. Leech: Ideally, we would take the position that there should be no voting rights for unelected members; I suspect that an ITA would never agree to give voting rights to a non-elected member anyway. However, to try to get the Government's support on this matter, we are pushing an amendment that simply gives the opportunity for local authorities to restrict those voting rights.

Although the Government's new clause 10 heads in roughly the right direction, it does not guarantee accountability. It is not acceptable to put the question of whether an ITA is accountable directly into the ITA's hands; that runs the real risk that an ITA will appoint a large number of co-opted members—little more than party stooges—who would then have the power to thwart the wishes of the electorate and the local community. The Government have a duty to safeguard local democracy, not to threaten it as they are currently doing with this element of the Bill. I shall be slightly bolder than the hon. Member for Wimbledon (Stephen Hammond) and push amendment No. 26 to a Division.

Mr. Betts: I should like to make four big points. First, we have to be careful about the use of the term "political balance". Although it is possible to ensure that each constituent authority within an ITA area is required to propose representatives who reflect the political balance of their council, it is not possible to construct a system under which all the authorities together are taken as a whole and the political balance of the ITA reflects their total political composition. There cannot be a mechanism for doing that, because there would be nobody to oversee it. There is no way in which we can do it, and we must be careful about that. Currently, under the passenger transport authorities, each local authority selects its members to the transport authority on the basis of the political balance in that authority—and that, I suggest to the Minister, is also how things will have to be done with ITAs.

Secondly, it would help if the Minister said that there would be an attempt to balance representation on grounds of population within local authority areas as well. Currently, there are big differences in population among authorities that constitute passenger transport authorities, and the membership of the PTAs reflects that. I hope that that will be carried through. Obviously, Sheffield is the largest authority in south Yorkshire and if we had an extended ITA for that part of the country, I would like that fact to be reflected. We could end up with a mix of met and non-met districts forming a new ITA in which the differences in population size between the authorities would be even bigger.

Thirdly, I turn to the issue of votes for unelected members. In the end, the arguments are pretty persuasive. There is no good reason in principle why unelected members should have the same votes as those on the same authority who are elected. Nevertheless, in moving as far as they have, the Government may well have been helpful. In the vast majority of circumstances, no group of elected councillors on an ITA will award the vote to people who are not elected; they would not share their democratic entitlements in that way. The only time when that might happen is when people want to play political games—when, for example, the majority on an ITA think that they are going to lose power and seek to appoint like-minded people to positions as non-elected members and then give them the vote.

I think, however, that the Minister has already said that the decision on whether non-elected members should have a vote on the ITA should come up after each local authority election at the very least, so that it could be repeated. Indeed, there was some suggestion that the voting members on the ITA might be able to vote on the rights of non-elected members at any time. That might deal with the problem.

Mr. Greg Knight (East Yorkshire) (Con): I agree with what the hon. Gentleman has said so far. Is not the problem that the Government are standing too far back? They should be saying that setting a framework within which everyone had to operate would in no way affect local accountability. That framework should be designed to prevent abuse and ensure democratic accountability.

8.15 pm

Mr. Betts: In new clause 10, the Government are trying to set a better framework. Some on the Labour Benches are just trying to encourage the Minister to make the framework a little more specific to secure democratic accountability and prevent the misuse of powers.

Finally, I turn to the potential extension of the new PTA areas and the new ITAs. I think that that is a real possibility in south Yorkshire, north Derbyshire, north Nottinghamshire and perhaps even north Lincolnshire. The issue is exciting, because the current PTA boundary ends at the bottom of my garden. There is nothing intrinsically wrong about that, but the problem is that the travel-to-work area does not end there. The travel-to-work area of Sheffield, as a city region, extends into north Derbyshire, north Nottinghamshire and north Lincolnshire. Good relationships are now developing between the various local authorities, which want to come together on issues of transport, and perhaps skills, to consider how they can work together better.

I do not think that everything is sweetness and light between the districts and county in Derbyshire, and elsewhere, about how that will be done; there are some tensions that will have to be talked through. However, the possibility of doing that is a positive and helpful step in the Bill. I ask the Minister to think about the one issue that might be restrictive. I am thinking of representatives of an ITA that incorporated only part of a county but the whole of certain districts within that county, which could happen in, for example, Derbyshire, Nottinghamshire and Lincolnshire. In such a case, there would have to be a decision on whether the county or each individual district was represented on the ITA. Might not making that decision, and saying that only one or the other could have representation, create a further problem for an agreed way forward between the county and districts on those other issues? Will the Minister think about how such a restriction might prove more unhelpful than it need be?

Paul Clark: We have certainly had an interesting discussion about the provisions of integrated transport authorities—those that exist and those that we want local authorities to consider as a way forward.

The last comment made by my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) was about the representation of districts and counties. He is right that there is a minimum position of there being a representative either from each of the districts or from the county council, by agreement. We are saying that that would be the minimum representation. I shall come back to the other matters that he raised and reflect on other things that he mentioned. I shall try to deal with some of the amendments and then with the issues that have been raised individually.

Amendment No. 11 relates to clause 73, under which the Secretary of State can make an order establishing a new integrated transport authority and integrated transport area where the local authorities in the area have reviewed their existing governance arrangements and have published a scheme that proposes that an ITA be set up. However, let me make it absolutely clear: an ITA to be established can usually cover only those geographical areas included in the proposals for a new ITA put forward by two or more local authorities—county councils, metropolitan districts, councils or unitary councils. The only exception to that rule would be in the circumstances that two or more authorities have not only been directed by the Secretary of State to undertake a review of all or part of their area but have been directed by the Secretary of State to prepare and publish a scheme for the establishment of a new ITA in that area or part of that area. I would expect that to be a rare occurrence, if it ever proved necessary at all. However, there might, for instance, be a major difference of opinion between neighbouring authorities that made it impossible for them to decide what area a new ITA should cover, thus holding up a review that could lead to improvements to transport locally.

In those circumstances, a direction by the Secretary of State determining the likely area of an ITA could remove the main blockage to a review going forward. If the local authorities failed to comply with such a direction, the Secretary of State would be able, subject to the procedures and safeguards set out in the Bill, to make an order setting up the new ITA. The Bill already provides several constraints on the Secretary of State's power to establish a new ITA—for instance, the procedural safeguard of consulting representatives of appropriate authorities and others. What is more, any governance order setting up a new ITA would need to be approved by this House and by another place.

These safeguards will enable individual local authorities properly to represent the interests of those who live and work in their areas. I am not convinced that requiring a local referendum or the passing of resolutions before an ITA may be established would provide any worthwhile extra protection. It is worth repeating that people using

[Paul Clark]

transport in the area may not always live within the boundaries of the proposed ITA itself, especially where it is an urban area that has a large number of commuters. I hope that my explanation has convinced hon. Members that the safeguard that they are attempting to introduce into the Bill is unnecessary and that they are able to withdraw their amendments.

I turn to the Conservative amendments to new clauses 10 and 11. I have already explained the purposes of the new clauses, one of which is to provide that non-elected members of an ITA should have voting rights only where the existing voting members of that authority agree. This deals with the concern expressed in Committee that having non-elected members could lead to a shift in the political balance of the ITA. That is why, as some right hon. and hon. Members have recognised, we moved to reflect the debate that took place in Committee.

Stephen Hammond: Having listened carefully to the Minister, I am not sure that he has addressed the point raised by my amendment No. 13, which clearly refers to

"Only those members appointed from among the elected members of the constituent councils".

That is slightly different from the Liberals' amendment, which would provide the flexibility that the House does not appear to want. I hope that I will be able to press my amendment at the appropriate time, because the Minister has not given me the reassurance that I sought.

Paul Clark: Amendment No. 13 would mean that non-elected members had no voting rights at all under any circumstances. I have already been through that discussion. The hon. Member for Manchester, Withington (Mr. Leech) referred to the fact that individual authorities have not yet asked for non-elected members because they have not yet undertaken a review of their governance arrangements in those areas. We are not forcing non-elected voting members on anybody—we are providing the possibility that that can be decided at a local level. We have said that non-elected members cannot vote unless the ITA wants them to do so.

Graham Stringer: Will the Minister give way?

Paul Clark: Yes, on that point.

Graham Stringer: My hon. Friend has been courteous throughout this long debate, but could he explain the purpose of transferring to the ITA the power to give non-elected members the power to vote, which is very unusual?

Paul Clark: My hon. Friend has mentioned other examples of where this happens—for example, police authorities. If the provision is not widespread, that does not mean that it should not apply and that we should not be far-thinking in getting the arrangements for governance of the transport system in our towns and cities that we think are right and will deliver. One reason for giving non-elected members the power to vote could be to give a voice to passengers from outside the ITA area, such as those who commute to the travel-to-work area. That was mentioned by my hon. Friend the Member for Sheffield, Attercliffe, who welcomed the ability to change the boundaries of existing areas because of changing travel-to-work areas. All these measures reflect the changes that have happened over the past 25 years or so while provisions on the Government's arrangements for transport within our major cities have been frozen without the ability to introduce any new ones.

Mr. Truswell: My hon. Friend mentioned the sort of constituency that might be represented by co-opted members who are given the vote, but to whom would they be accountable? Does the situation that he describes override the fears of abuse that have been expressed around the Chamber?

Paul Clark: ITAs are responsible to local authorities and, ultimately, to the people whom they serve—the travelling public. I reiterate that this is about making a provision for an ITA to take if it so wishes. If it wants to incorporate and involve non-elected members—for example, representatives from user groups, operators, or other interested bodies that it thinks would add to its deliberations—that is one of its powers. The second power is the ability to say, "You can vote or you can choose not to vote." It is a matter to be decided locally.

Rob Marris: Many of us would find it much more reassuring if my hon. Friend were able to give the House a commitment on the point about "review at election", if I could use that shorthand for Members who have taken part in the debate. Would the voting status of non-elected members who were given a vote by the ITA have to be reviewed by the elected members at the first meeting subsequent to any council elections?

Paul Clark: That might be a good provision to be incorporated within the constitution of an ITA, but I want to talk further about the question of a review after an election. An amendment was tabled by the hon. Member for Wimbledon to new clause 10 that would require that members were appointed precisely in proportion to their representation. This is an example of where the provision would work exactly as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) says.

As other hon. Members have said, it is unlikely that we would always have a situation where a precise political balance on an appointing council matches the number of appointments that it can make to an ITA. That is why the Local Government and Housing Act 1989 sets out at length the way in which political balance works. Section 15 sets out principles by which appointments can be balanced. When political balance changes, the duty on the appointing authority is to review the representation as soon as is practical thereafter. A review would therefore be going on, even if there was not a change of political balance, because the legislation requires it. Section 15(6) of the 1989 Act deals with non-elected appointees by requiring the number of such appointees to be taken into account.

Mr. Leech: Would the Under-Secretary accept that, compared to the current arrangements for PTAs, the Government's proposals make it far more likely that the composition of an ITA will not reflect the political balance?

8.30 pm

Paul Clark: No, I do not accept that because of the safeguards in the Bill that I hope we will pass today, and in the 1989 Act. I do not believe that the proposals would do as the hon. Gentleman describes. My hon. Friend the Member for Sheffield, Attercliffe talked about reflecting population differences in the numbers that could come from each participating authority. That is a possibility, and the relevant ITA could decide to reflect the population on that basis. The effect of further amendments to new clauses 10 and 11 would be to preclude any representation on ITAs other than by elected councillors. The Government believe that non-elected members of the ITA could have an important role to play if the local ITA so decided.

Amendment No. 64, tabled by my hon. Friend the Member for Manchester, Blackley (Graham Stringer), would introduce additional procedures for any orders making changes to existing transport governance arrangements in any part of the country that the Secretary of State might make using his powers in clauses 73 to 91. A key objective of the Bill is to allow local government arrangements to be tailored to meet local needs. In contrast to the current statutory arrangements, which are extremely inflexible, the Bill allows for separate orders to be made to introduce changes in different parts of the country. An order covering the west midlands could include different provisions from one covering Merseyside. That is why provisions cannot be included on the face of the Bill, and need to be left to secondary legislation.

I entirely accept that the Bill provides for significant reforms to be covered in secondary legislation. That is why the affirmative procedure will apply, so that all such orders would need to be approved by both Houses of Parliament. That is entirely consistent with the findings of the Delegated Powers and Regulatory Reform Committee in the House of Lords. The Committee considered the issue carefully. It noted the procedures and safeguards that are included in the Bill, and concluded:

"we do not consider these delegations inappropriate".

Therefore, I ask my hon. Friend to consider his amendment unnecessary. I think that I have covered all the points raised in the debate, and with that I urge hon. Members to support new clause 10 and to reject the amendments tabled.

Question put and agreed to.

Clause read a Second time.

Amendment proposed to the proposed new clause: (b), in line 12, at end insert—

"(d) for those members to be appointed from among the elected members of the different political parties represented in the constituent councils, in such numbers as to be proportionate to the representation of political parties on those councils".—*[Stephen Hammond.]*

Question put, That the amendment be made:—

The House divided: Ayes 132, Noes 310.

Division No. 290] **[8.34 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Duddridge, James
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Alistair Burt and
Mr. John Baron

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian

Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan

Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Bob Blizzard and Helen Goodman

Question accordingly negatived.

Clause added to the Bill.

New Clause 11

PROVISION THAT MAY BE MADE IN AN ORDER UNDER SECTION 78: MEMBERSHIP OF ITA

'(1) An order made by virtue of section 78(2)(a) which includes provision about the number and appointment of members of the ITA must provide—

(a) for a majority of the members of the ITA to be appointed by the ITA's constituent councils (see subsection (2)),

(b) for those members to be appointed from among the elected members of the constituent councils, and

(c) for each of the representative councils (see subsection (3)) to appoint at least one of its elected members as a member of the ITA.

(2) For the purposes of this section, the constituent councils of an ITA are—

(a) any county council, and

(b) any district council,

for an area within the integrated transport area of the ITA.

(3) For the purposes of subsection (1)(c), the following councils are representative councils in respect of an area which is, or is to be designated as, the integrated transport area of an ITA—

(a) if that area includes the whole of a county, the county council;

(b) if that area includes a metropolitan district or a non-metropolitan district comprised in an area for which there is no county council, the district council;

(c) if that area includes one or more districts in a county but does not include the whole county, either the county council or the council for each of those districts (as determined by or in accordance with the order).

(4) If an order under section 78 provides (by virtue of subsection (2)(a) of that section) for members of an ITA to be appointed otherwise than from among the elected members of its constituent councils, the order must provide (by virtue of subsection (2)(b) of that section) for those members to be non-voting members.

(5) The voting members of an ITA may resolve that provision made in accordance with subsection (4) is not to apply in the case of the ITA.'.—*[Paul Clark.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 12

STREET WORKS: REINSTATEMENT AND REMEDIAL WORKS

'(1) The New Roads and Street Works Act 1991 (c. 22) is amended as follows.

(2) In section 48 (streets, street works and undertakers) after subsection (3) (meaning of "street works") insert—

"(3A) For the purposes of subsection (3), the works that are street works by virtue of being works required for or incidental to street works of any particular kind include—

(a) reinstatement of the street, and

(b) where an undertaker has failed to comply with his duties under this Part with respect to reinstatement of the street, any remedial works.".

(3) In section 50 (street works licences) after subsection (1) (power to grant a licence to do certain works) insert—

"(1A) For the purposes of subsection (1), the works that are required for or incidental to works falling within paragraph (a) or (b) of that subsection include—

(a) reinstatement of the street, and

(b) where an undertaker has failed to comply with his duties under this Part with respect to reinstatement of the street, any remedial works.".'.—*[Paul Clark.]*

Brought up, and read the First time.

Paul Clark: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following: Government new clause 23—*Financial penalty deposits: powers of vehicle examiners in Scotland.*

Government amendments Nos. 104, 112, 119, 120, 141 to 143, 146, 147, 155, 314, 159, 162 and 315.

Paul Clark: I will deal first with new clause 12. Government policy is to encourage efficient and effective working in the highway, with works properly co-ordinated by the highways authority. Key to that is the need for the authority to be given notice of works on its highways to be carried out by undertakers, whether they are placing, maintaining or removing apparatus in or below the highways or of consequential works—for instance, carrying out a permanent reinstatement as a separate phase or works to remedy a failure to complete a reinstatement to the correct standard in the first place. That is known as "remedial works". All occupy the highway and impact on our crowded roads.

Following a judgment by the divisional court last November, there is a lack of legal certainty about what works are required for, or incidental to, placing, maintaining or removing apparatus and what fall within the definition of street works. The amendment is intended to confirm the existing view and practice that street works include reinstatement or remedial works and to remove the uncertainty.

The purpose of amendment No. 159 is to bring amendments to the New Roads and Street Works Act 1991 into force automatically two months after Royal Assent rather than by commencement order. This means that any uncertainty about the definition of street works can be removed as quickly as possible.

Amendment No. 162 amends the long title of the Bill, so as to reflect the subject matter of new clause 12.

New clause 23 amends the definition of conditional offers in section 90F of the Road Traffic Offenders Act 1988, so that it refers also to conditional offers made by the Department of Transport's vehicle examiners in Scotland. It is needed to ensure that the provisions inserted by the Road Safety Act 2006 into the Road Traffic Offenders Act 1988 will work as originally intended. Unfortunately, when the Road Safety Act 2006 was drafted, the definition of "conditional offer" in this context was not amended to include conditional offers issued by the Vehicle and Operator Services Agency's vehicle examiners in Scotland. Unless that deficiency is corrected, only police constables will be able to require

[Paul Clark]

the payment of deposits in respect of conditional offers in Scotland, which is not the way in which the legislation was intended to work.

Amendments Nos. 314 and 315 are minor consequential amendments to the extent clause and to the Bill's long title.

Amendments Nos. 104, 112, 141 to 143, 146 and 147 are aimed at dealing with a relatively technical issue, and I shall do my best to explain them clearly to the House.

Shona McIsaac (Cleethorpes) (Lab): You do not have to.

Paul Clark: I rather think I should. It would be wrong of me not to explain the amendments.

The Bill includes a number of powers to make secondary legislation to amend other legislation, including primary legislation where necessary, as a consequence of provisions made either by the Bill or by secondary legislation made by virtue of the Bill. In effect, those powers aid proper implementation of the Bill by ensuring that other relevant legislation can be amended to make it consistent. For the present debate, the relevant powers are contained in clauses 1 and 6, about the traffic commissioners, and clauses 68 and 69, about passenger representation. Each of those powers is limited to making consequential, incidental, supplementary or transitional provision, or savings. In other words—

Norman Baker: Did you write this yourself?

Paul Clark: No. In other words, any secondary legislation amending legislation under those powers must be directly related to the implementation of provisions contained in the Bill itself. Each of the powers that I have referred to is expressed to include power to amend

"any enactment (whenever passed or made)".

That wording makes it clear that each power can be used to make consequential and other amendments to enactments passed or made both before or after the Act that contains the power. However, it leaves open some ambiguity as to whether the powers can be used to make consequential and other amendments to the Act that contains the power itself—that is, the Bill we are considering—or to the amendments to other Acts, such as the Transport Act 2000, that the Bill will make. It is important for the Bill to be clear on that point, and the purpose of the amendments is simply to provide that clarity.

Amendment No. 155 also relates to a power in the Bill for the Secretary of State to make secondary legislation. Clause 86 allows the Secretary of State to make secondary legislation containing consequential, transitional or supplementary provisions. Those would support the changes to transport governance arrangements in individual areas of the country that he could make under clauses 78 to 84.

As I explained to hon. Members earlier, the Bill allows flexibility for different governance arrangements to be put in place in different areas, and for changes to be made to existing arrangements. Depending on what those changes are, it may also be necessary for the orders that give statutory effect to those revised arrangements to make incidental or consequential changes to other legislation. For example, and to help the House, if an ITA decides that it wants to make changes to the structure and functions of its executive body—its passenger transport executive—it will probably be necessary to make consequential changes to the Transport Act 1968, in which the structure and functions of PTEs are set out.

Mr. Greg Knight: If I may, I shall move the Minister ahead a little. If, by 9 o'clock, we have not reached new clause 1, which relates to tolls on the Humber bridge—a matter of extreme importance on Humberside—will he agree to meet on that matter a delegation comprising me and some of his hon. Friends? Perhaps he will mention that en passant.

Paul Clark: En passant, in connection with the amendments, that is one thing that has been reflected on in the House in relation to my discussions about the Bill with Members over the past three weeks. I am more than happy to be able to meet a cross-party delegation to discuss the Humber bridge.

I shall return to the point I was making, because I know that hon. Members will want to avoid losing the thread of what those powers require. They involve making different orders to reflect different governance arrangements. Were we to need to make, say, eight different orders covering eight different parts of the country, making eight sets of textual changes to various pieces of existing legislation, that would make matters extremely complex and difficult for legislators to understand in the future. Given that, we think it would be simpler for the Bill also to allow for modification of legislation, where that is more appropriate. Hence the proposal before us.

Finally, amendments Nos. 119 and 120 relate to quality partnership schemes that include requirements on frequencies, timings or maximum fares. Under clause 13, such requirements may be included only where there are no "admissible objections" from "relevant operators". The Government have published for consultation draft regulations and guidance setting out in detail how it is proposed that those terms should be defined.

Graham Stringer: Yet again, I am grateful to my hon. Friend for giving way. Will that guidance stop repeat and vexatious appeals against a decision?

Paul Clark: That is one of the intentions and we made it clear that we would want to see it happen. Our purpose is to ensure that we get in place the structures and requirements to deliver decent bus services throughout our towns and cities.

Having reviewed the provision further, the Welsh Assembly Government have indicated that they wish to preserve the flexibility for the Welsh Ministers to appoint—and hence to pay—persons other than those who might be appointed for those purposes in England. Accordingly, they would like the Bill to include a power for the Welsh Ministers not only to appoint such persons, but to pay them for their services. The new clauses and amendments constitute a direct response to that request, and confer on the Welsh Ministers a power equivalent to the one that clause 18, as amended in Committee, confers on the Secretary of State.

It being Nine o'clock, MR. DEPUTY SPEAKER *proceeded to put forthwith the Questions necessary for the disposal of business to be concluded at that hour, pursuant to Order [26 March].*

New Clause 12

STREET WORKS: REINSTATEMENT AND REMEDIAL WORKS

'(1) The New Roads and Street Works Act 1991 (c. 22) is amended as follows.

(2) In section 48 (streets, street works and undertakers) after subsection (3) (meaning of "street works") insert—

"(3A) For the purposes of subsection (3), the works that are street works by virtue of being works required for or incidental to street works of any particular kind include—

(a) reinstatement of the street, and

(b) where an undertaker has failed to comply with his duties under this Part with respect to reinstatement of the street, any remedial works.".

(3) In section 50 (street works licences) after subsection (1) (power to grant a licence to do certain works) insert—

"(1A) For the purposes of subsection (1), the works that are required for or incidental to works falling within paragraph (a) or (b) of that subsection include—

(a) reinstatement of the street, and

(b) where an undertaker has failed to comply with his duties under this Part with respect to reinstatement of the street, any remedial works.".

New Clause 13

ADVICE BY BOARDS OR THEIR COMMISSIONERS

'After section 126A insert—

"126AA Advice by boards or their Commissioners

(1) This section applies at any time after the traffic commissioner who is to chair the QCS board for the proposed scheme has been designated under section 126A.

(2) The QCS board may give advice about matters of a procedural nature to any person who requests it before the end of the appropriate period.

(3) For the purposes of subsection (2), the end of the appropriate period is—

(a) the date on which a scheme is made, or

(b) if no scheme is made, the date on which the authority or authorities give notice to the board under section 126AB(7) that they have decided not to proceed with the proposed scheme.

(4) The board may not, under subsection (2), give advice about the merits of the proposed scheme.

(5) If the Secretary of State thinks it appropriate to do so in connection with securing propriety in the giving of advice under subsection (2), the Secretary of State may by regulations make provision about the giving of advice under that subsection (but not about what the advice is to be).

(6) In particular, regulations under subsection (5) may make provision that has the effect that—

(a) a person's request for advice under subsection (2), or

(b) advice given under subsection (2) to a person,

must be, or may be, disclosed by the board to persons other than that person or to the public generally.

(7) In relation to requests received at any time before the members of the board have been designated, the functions of the board under this section are exercisable on behalf of the board by the traffic commissioner who has been designated to chair the board.".'

New Clause 14

CONSIDERATION OF PROPOSED SCHEMES BY BOARDS

'After section 126AA insert—

"126AB Requests for boards to begin consideration etc of proposed schemes

(1) This section applies in any case where—

(a) the proposed scheme is for an area in England, and

(b) the authority or authorities have complied with the requirements of section 125(1) to (3).

(2) If the authority or authorities wish to proceed with the proposed scheme, they must send each of the following to the QCS board as soon as reasonably practicable after the end of the consultation period—

(a) copies of all written responses received from the persons consulted,

(b) information about representations made orally at meetings or other events held by the authority or authorities during the consultation period,

(c) a summary of the action which the authority or authorities have taken to comply with the requirements of section 125(1) to (3).

(3) The authority or authorities must have complied with subsection (2) before they send the board a request under subsection (4).

(4) When the authority or authorities consider it appropriate to do so, they are to send to the board a written request for it to begin the performance of its functions under section 126AC in relation to the proposed scheme.

(5) If the authority or authorities send the board a request under subsection (4), they must also—

(a) publish the request,

(b) send to the board a copy of the proposed scheme that it is to consider under section 126AC,

(c) if the proposed scheme mentioned in section 125(2) differs from the proposed scheme mentioned in paragraph (b), publish a notice stating where a copy of the proposed scheme mentioned in paragraph (b) may be inspected.

(6) If, following the sending of a request under subsection (4), the authority or authorities—

(a) modify the proposed scheme under section 125(5) or section 126AC(7), and

(b) desire the QCS board to exercise its functions under section 126AC in relation to the proposed scheme, as modified,

they may send the board a further request under subsection (4).

(7) If at any time the authority or authorities decide not to proceed with the proposed scheme, they must—

(a) give written notice of that decision to the QCS board, and

(b) publish notice that they have done so.

126AC Consideration of proposed schemes by boards

(1) Following receipt of a request from the authority or authorities under section 126AB(4), the QCS board is to consider the proposed scheme and—

(a) form an opinion whether the conditions set out in the paragraphs of section 124(1) or, as the case may be, of section 124(1A) are met in the case of the proposed scheme;

(b) form an opinion whether the authority or authorities have complied with the requirements of section 125(1) to (3).

(2) If the board is of the opinion that the conditions mentioned in subsection (1)(a) are not met, it may make recommendations as to actions that the authority or authorities might take in response to that opinion.

(3) If the board is of the opinion that the authority or authorities have not complied with the requirements of section 125(1) to (3), it may make recommendations as to actions that the authority or authorities might take in response to that opinion.

(4) If, in performing its functions under subsection (1)(b), the board is of the opinion that any person who was not consulted under section 125(3) ought to have been so consulted, that person has—

(a) the rights of appeal under section 127A that are conferred by virtue of subsection (3)(b) of that section, or

(b) in a case where this section applies by virtue of section 131AB(3) (non-exempt proposal to continue scheme), the rights of appeal under section 131D that are conferred by virtue of subsection (3)(b) of that section.

(5) The board is to give notice to the authority or authorities of—

(a) the opinions that it has formed on the questions in paragraphs (a) and (b) of subsection (1),

(b) any recommendations that it makes under subsection (2) or (3),

(c) its reasons for forming those opinions and making any such recommendations,

and is to publish a report stating those opinions, recommendations and reasons.

(6) If, in a case where the board makes recommendations under subsection (3), the authority or authorities take the action recommended by the board and publish notice that they have done so, this Part has effect as if—

(a) the authority or authorities had complied with the requirements of section 125(1) to (3) to which the recommendations relate, and

(b) the opinion formed by the board on the question in subsection (1)(b) had included (and had been stated in the report as including) the opinion that the authority or authorities had complied with those requirements.

(7) Following receipt of the notice under subsection (5), the authority or authorities may modify the proposed scheme.

(8) If the authority or authorities—

(a) modify the proposed scheme by virtue of subsection (7) or section 125(5), and

(b) send the board a request under section 126AB(4) by virtue of section 126AB(6),

this section has effect with such modifications or exclusions as may be prescribed by regulations under section 126B or 133.".'.

New Clause 15

APPEALS AGAINST THE MAKING OF SCHEMES FOR AREAS IN ENGLAND

'(1) After section 127 of the TA 2000 insert—

"127A Appeals against the making of schemes for areas in England

(1) This section applies where an authority or authorities make a quality contracts scheme for an area in England.

(2) Any person falling within subsection (3) may appeal to the Transport Tribunal against the decision of the authority or authorities to make the scheme.

(3) The persons are—

(a) any person who was consulted under section 125(3),

(b) any person who was not consulted under section 125(3) but who, in the opinion of the QCS board under section 126AC(1)(b), ought to have been so consulted.

(4) An appeal under this section may be—

(a) on a point of law, or

(b) on a question of fact, unless subsection (5) prevents it.

(5) No appeal lies under this section on a question of fact (and no question of fact is to be entertained by the Tribunal on an appeal under this section) in any case where subsection (6) applies.

(6) This subsection applies if the QCS board stated in its report under section 126AC(5) that it is of the opinion—

(a) that the conditions in the paragraphs of section 124(1) or, as the case may be, of section 124(1A) are met, and

(b) that the authority or authorities have complied with the requirements of section 125(1) to (3) (or are by virtue of section 126AC(6) to be taken to have complied with those requirements by virtue of having taken any action recommended by the board in any previous reports),

and if the scheme, as made, corresponds to the proposed scheme to which that report relates.

(7) The authority or authorities may issue invitations to tender in accordance with section 130(1) notwithstanding the lodging of any appeal under or by virtue of this section.

127B Powers of the Transport Tribunal on an appeal under section 127A

(1) On an appeal under section 127A the Transport Tribunal shall have power—

(a) to make such order as they think fit, or

(b) to remit any matter (with or without directions) to the authority or authorities for their consideration or determination or for such other purposes as the Tribunal may direct.

(2) The powers of the Tribunal on an appeal under section 127A include power to do any one or more of the following—

(a) dismiss the appeal in whole or in part,

(b) remit the matter to the authority or authorities with one or more directions under subsection (3),

(c) direct the authority or authorities to vary the scheme in such manner as the Tribunal may specify in the direction (but see subsection (4)),

(d) quash the decision of the authority or authorities (but see subsection (5)).

(3) A direction under this subsection is a direction for the authority or authorities to do each of the following—

(a) consider or reconsider such matters as may be specified in the direction,

(b) consult or further consult as respects those matters in such manner as may be specified in the direction,

(c) vary the scheme in such respects as may in consequence appear appropriate to the authority or authorities.

(4) The Tribunal may give a direction under this section to vary the scheme by reducing the area to which the scheme relates only if they are of the opinion that the conditions in section 132(3) are met.

(5) The power of the Tribunal under this section to quash the decision of the authority or authorities is exercisable only if the Tribunal are of the opinion that there are defects in the scheme which are not capable of being remedied by varying the scheme under or by virtue of subsection (2)(b) or (c).

(6) Where, on an appeal under section 127A, the Tribunal exercises any power falling within paragraph (b) of subsection (2) above, the only further appeal allowed under that section is an appeal against a decision of the authority or authorities to vary, or not to vary, the scheme by virtue of subsection (3)(c).".'.

(2) In section 162(4) of the TA 2000 (provisions where references to Passenger Transport Authorities or Integrated Transport Authorities are to be read as references to Passenger

Transport Executives) insert at the appropriate place in the list of provisions—

"section 127A(7),".'.

New Clause 16

EXEMPT CONTINUATION PROPOSALS

'(1) After section 131A of the TA 2000 insert—

"131AA Meaning of "exempt continuation proposal"

(1) For the purposes of this Part a proposal that a quality contracts scheme should continue in operation is an "exempt continuation proposal" if—

(a) any one or more of Conditions 1 to 3 are met and Conditions A and B are met, or

(b) the circumstances are as prescribed in regulations made by the appropriate national authority.

(2) Condition 1 is that it is not proposed that the area to which the continuation scheme relates is to be greater than the area to which the existing scheme relates.

(3) Condition 2 is that it is proposed that the area to which the continuation scheme relates is to be greater than the area to which the existing scheme relates, but—

(a) the additional area proposed to be included falls wholly within the area or combined area of the authority or authorities proposing the continuation of the scheme, and

(b) it is not proposed that under the continuation scheme any descriptions of local services are to be provided under quality contracts in addition to the descriptions of local services so provided under the existing scheme.

(4) Condition 3 is that during the period while the existing scheme has been in force—

(a) there has been a change in the area of the authority, or of any of the authorities, that last made or continued the scheme, or

(b) a different authority has become the local transport authority for some or all of the area to which the scheme relates,

but it is not proposed that under the continuation scheme any descriptions of local services are to be provided under quality contracts in addition to the descriptions of local services so provided under the existing scheme.

(5) Condition A is that it is not proposed under the continuation scheme that any local services which, immediately before the coming into force of that scheme, were unregulated services are under the continuation scheme to be provided under quality contracts.

(6) Condition B is that it is not proposed under the continuation scheme that any services which, immediately before the coming into force of that scheme, were excluded services in the case of the existing scheme are not to be excluded services in the case of the continuation scheme.

(7) In this section—

"the continuation scheme" means the scheme as proposed to continue in operation;

"excluded services", in the case of any quality contracts scheme, means any local services, or class of local services, which are excluded from the scheme by virtue of section 127(4);

"the existing scheme" means—

(a) the scheme as last continued or varied, or

(b) if the scheme has not previously been continued or varied, the scheme as originally made;

"unregulated services" means any local services provided otherwise than—

(c) under a contract with one or more local transport authorities, or

(d) by an authority or authorities acting under section 132C(2) (power to provide interim services in exceptional circumstances);

and any reference to the coming into force of a scheme includes a reference to the coming into force of any particular provision of it.

(8) See also section 131C (which makes provision about appeals relating to exempt continuation proposals).".

(2) In section 162 of that Act (interpretation of Part 2) insert the following definition at the appropriate place in subsection (1)—

""exempt continuation proposal" is to be read in accordance with section 131AA;".'.

New Clause 17

CONTINUATION OF SCHEMES FOR AREAS IN ENGLAND: PROCEDURE

'After section 131AA of the TA 2000 insert—

"131AB Continuation of schemes for areas in England: procedure

(1) This section has effect with respect to the continuation in operation under section 131A (or the proposed continuation in operation under that section) of a quality contracts scheme for an area in England (whether with or without modifications).

(2) If the proposal for the continuation of the scheme—

(a) is an exempt continuation proposal, or

(b) in a case where the authority or authorities have decided that the scheme should continue, was such a proposal,

subsections (2) and (3) to (9) of section 127 apply in relation to the continuation of the scheme as they apply in relation to the making of a scheme, but with the modifications in subsection (4).

(3) Where subsection (2) does not apply, sections 126A to 127 apply in relation to the continuation of a scheme as they apply in relation to the making of a scheme, but with the modifications in subsection (4).

(4) The modifications are—

(a) any reference to a proposal to make a scheme is to be read as a reference to a proposal for the continuation of a scheme,

(b) any reference to making a scheme is to be read as a reference to deciding that a scheme should continue in operation,

(c) any reference to the proposed scheme is to be read as a reference to the scheme as proposed to continue in operation,

(d) any reference to any conditions set out in any paragraphs of section 124(1) or (as the case may be) of section 124(1A) being met is to be read as a reference to those conditions being met by the scheme as proposed to continue in operation (with any proposed modifications),

(e) any reference to section 125 or any provision of that section is to be read as a reference to that section or provision as it has effect by virtue of section 131A,

(f) the references in section 127(2)(b) and (9)(c) to the date or dates on which the scheme is, or provisions of the scheme are, to come into operation are to be read as references to the day decided by the authority or authorities by virtue of section 131A(5B),

(g) section 127 has effect with the omission of subsection (2A) (scheme not to come into operation until 6 months after making),

but further or different modifications, or exclusions, may also be made by regulations under section 133(3)(b).

(5) If, acting on the basis that the proposal for the continuation of the scheme is an exempt continuation proposal, the authority or authorities decide that the scheme is to continue, they must—

(a) publish in such manner as they think fit, and within the time allowed, a notice announcing their decision on the proposal,

(b) supply a copy of that notice to each of the persons mentioned in section 125(3) as it applies by virtue of section 131A in a case where the proposal is an exempt continuation proposal, and

(c) give notice of the decision in accordance with section 127(8) and (9).

(6) For the purposes of subsection (5)(a), the time allowed is the period of 6 months following the date of publication of the consultation document required by section 125(1) as applied by section 131A."'.

New Clause 18

CONTINUATION OF SCHEMES FOR AREAS IN WALES: PROCEDURE

'After section 131AB of the TA 2000 insert—

"131B Continuation of schemes for areas in Wales: procedure

(1) This section has effect with respect to the continuation in operation under section 131A (or the proposed continuation in operation under that section) of a quality contracts scheme for an area in Wales (whether with or without modifications).

(2) Subsections (2) and (3) to (9) of section 127 apply in relation to the continuation of the scheme as they apply in relation to the making of a scheme, but with the modifications in subsection (4).

(3) Unless the proposal for the continuation of the scheme—

(a) is an exempt continuation proposal, or

(b) in a case where the authority or authorities have decided that the scheme should continue, was such a proposal,

subsections (1)(b) and (1B) of section 127 also apply in relation to the continuation of the scheme, and with the modifications in subsection (4).

(4) The modifications are—

(a) any reference to proposing to make a scheme is to be read as a reference to proposing the continuation of a scheme,

(b) any reference to making a scheme is to be read as a reference to deciding that a scheme should continue in operation,

(c) any reference to the proposed scheme is to be read as a reference to the scheme as proposed to continue in operation,

(d) the references in section 127(2)(b) and (9)(c) to the date or dates on which the scheme is, or provisions of the scheme are, to come into operation are to be read as references to the day decided by the authority or authorities by virtue of section 131A(5B),

but further or different modifications, or exclusions, may also be made by regulations under section 133(3)(b).

(5) Subsection (6) applies in any case where—

(a) an authority or authorities propose that a quality contracts scheme for an area in Wales should continue in operation (with or without modification) under section 131A, and

(b) the proposal is not an exempt continuation proposal.

(6) In any such case, section 126 (approval by Welsh Ministers of proposed schemes for areas in Wales) applies in relation to a proposal for the continuation of a scheme as it applies in relation to a proposal to make a scheme, but with the modifications set out in subsection (7).

(7) The modifications are—

(a) any reference to a proposed scheme is to be read as a reference to a proposal for a scheme to continue in operation under section 131A;

(b) the reference in section 126(2)(a) to wishing to make a scheme is to be read as a reference to wishing that a scheme should continue in operation;

(c) any reference to any conditions set out in any paragraphs of section 124(1) being met is to be read as a reference to those conditions being met by the scheme as proposed to continue in operation (with any proposed modifications);

(d) any reference to section 125 or any provision of that section is to be read as a reference to that section or provision as it has effect by virtue of section 131A.

(8) If, acting on the basis that the proposal for the continuation of the scheme is an exempt continuation proposal, the authority or authorities decide that the scheme is to continue, they must—

(a) publish in such manner as they think fit, and within the time allowed, a notice announcing their decision on the proposal,

(b) supply a copy of that notice to each of the persons mentioned in section 125(3) as it applies by virtue of section 131A, and

(c) give notice of the decision in accordance with section 127(8) and (9).

(9) For the purposes of subsection (8)(a), the time allowed is the period of 6 months following the date of publication of the consultation document required by section 125(1)(a) as it applies by virtue of section 131A."'.

New Clause 19

EXEMPTION FROM S.132 FOR SPECIFIC VARIATIONS DIRECTED BY TRANSPORT TRIBUNAL

'After section 132A of the TA 2000 insert—

"132B Exemption from s.132 for specific variations directed by Tribunal

(1) This section applies in relation to any of the following appeals—

(a) an appeal under section 127A against a decision to make a scheme,

(b) an appeal under section 131C(2)(a) against a decision that a proposal was an exempt continuation proposal,

(c) an appeal under section 131C(2)(b) against a decision that a scheme should continue in operation,

(d) an appeal under section 131D(2) against a decision that a scheme should continue in operation,

(e) an appeal by virtue of section 132 against a decision to vary a scheme,

(f) an appeal under section 132A(2)(a) against a decision that a variation was an exempt variation for the purposes of section 132,

(g) an appeal under section 132A(2)(b) against a decision as to the variation of a scheme under section 132.

(2) Where—

(a) any such appeal is made to the Transport Tribunal, and

(b) on that appeal, the Tribunal direct the authority or authorities to vary the scheme in the manner specified by the Tribunal in the direction,

nothing in section 132(5) to (9) (procedure for variation of scheme) applies in relation to the varying of the scheme in the manner specified in the direction, unless the Tribunal otherwise direct.

(3) Subsection (2) is without prejudice to any right of appeal against the decision of the Transport Tribunal."'.

New Clause 23

FINANCIAL PENALTY DEPOSITS: POWERS OF VEHICLE EXAMINERS IN SCOTLAND

'In section 90F of the Road Traffic Offenders Act 1988 (c. 53), in the definition of "conditional offer", after "75(3)(a)" insert "or (3B)(a)".'.—*[Paul Clark.]*

Brought up, and read the First time.

Question put, That the clauses be added to the Bill.

The House divided: Ayes 316, Noes 136.

Division No. 291] **[9 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn

Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Bob Blizzard and Ms Dawn Butler

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and Alistair Burt

Question accordingly agreed to.

Clause 1

TRAFFIC AREAS

Amendment made: No. 104, page 2, line 6, after 'any', insert

'provision of this Act or any other'.—*[Paul Clark.]*

Clause 3

THE SENIOR TRAFFIC COMMISSIONER

Amendments made: No. 105, page 5, line 31, at end insert

', if the senior traffic commissioner considers it appropriate'.

No. 106, page 5, line 32, at end insert

', if the senior traffic commissioner considers it appropriate'.

No. 107, page 5, leave out line 33 and insert—

'(d) such of the other traffic commissioners as the senior traffic commissioner considers appropriate;'.

No. 108, page 5, line 37, leave out 'thinks fit' and insert 'considers appropriate'.

No. 109, page 5, line 37, at end insert—

'(ee) such organisations representative of the interests of users of public passenger transport services as the senior traffic commissioner considers appropriate;'.

No. 110, page 5, line 40, leave out 'thinks fit' and insert 'considers appropriate'.

No. 111, page 5, line 41, leave out 'thinks fit' and insert 'considers appropriate'.—*[Paul Clark.]*

Clause 6

CONSEQUENTIAL AMENDMENTS

Amendment made: No. 112, page 9, line 30, after 'any', insert

'provision of this Act or any other'.—*[Paul Clark.]*

Clause 8

NATURE OF DUTY TO DEVELOP TRANSPORT POLICIES

Amendment made: No. 313, page 10, line 31, leave out from 'government' to 'with' in line 34 and insert ', and

(b) to have regard to any guidance issued for the purposes of this paragraph by the Secretary of State,

with respect to mitigation of, or adaptation to, climate change or otherwise'.—*[Paul Clark.]*

Clause 9

LOCAL TRANSPORT PLANS

Amendments made: No. 113, in page 11, leave out line 20 and insert

'an authority other than an Integrated Transport Authority must'.

No. 114, page 11, leave out lines 30 and 31.

No. 115, page 11, leave out line 33 and insert 'an Integrated Transport Authority must consult—'.

No. 116, page 11, leave out lines 46 and 47.

No. 117, page 11, line 47, at end insert—

'(2C) In preparing their local transport plan, and in keeping it under review, the authority must consult such of the following persons as they consider appropriate—

(a) operators of any network or station, or of any railway services, in their area;

(b) operators or providers of other transport services in their area, or organisations appearing to the authority to be representative of the interests of such persons;

(c) organisations appearing to the authority to be representative of the interests of users of transport services and facilities in their area;

and must also consult any other persons whom they consider appropriate.

(2D) Any expression which is used in subsection (2C)(a) or (b) and in Part 1 of the Railways Act 1993 has the meaning given in that Part, taking "railway" to have its wider meaning (see section 81 of that Act).".'.—*[Paul Clark.]*

Clause 12

DEVELOPMENT OF POLICIES BY ITA NO LONGER JOINT DUTY WITH DISTRICT COUNCILS

Amendment made: No. 118, page 13, line 19, leave out subsection (6) and insert—

'(6) In section 198(2) of that Act (interpretation of certain references to authority's local transport plan)—

(a) for "local transport plan" (in the first place) substitute "local transport policies";

(b) for "the local transport plan made jointly by" substitute "the local transport policies of";

(c) omit the words from "and the councils" to the end.'.—*[Paul Clark.]*

Clause 18

REGULATIONS ABOUT SCHEMES WHICH SPECIFY FREQUENCIES, TIMINGS OR FARES

Amendments made: No. 119, page 17, line 49, leave out 'the Secretary of State' and insert 'the appropriate national authority'.

No. 120, in page 18, line 1, leave out 'the Secretary of State' and insert 'the appropriate national authority'.—*[Paul Clark.]*

Clause 19

QUALITY CONTRACTS SCHEMES

Amendment proposed: No. 5, page 18, line 15, after 'relates', insert

'which are greater than those that would pertain under existing arrangements.'.—*[Stephen Hammond.]*

Question put, That the amendment be made:—

The House divided: Ayes 137, Noes 312.

Division No. 292] **[9.16 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McLoughlin, rh Mr. Patrick

Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and Alistair Burt

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg

Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Bob Blizzard and Helen Goodman

Question accordingly negatived.

Clause 19

QUALITY CONTRACTS SCHEME

Amendments made: No. 163, page 18, line 27, leave out subsection (3) and insert—

'(3) For subsection (2) (need to comply with notice and consultation requirements and obtain approval of appropriate national authority) substitute—

"(2) A quality contracts scheme may not be made unless the authority or authorities—

(a) have complied with the requirements of section 125,

(b) in the case of a scheme for an area in Wales, have obtained the approval of the Welsh Ministers in accordance with section 126, and

(c) in the case of a scheme for an area in England, meet the requirements of subsection (2A).

(2A) The requirements are that the authority or authorities—

(a) have published under section 126AB(5) the request which they sent to the QCS board under section 126AB(4), and

(b) publish, in accordance with section 127(1A), a response prepared by them to the report published by the QCS board under section 126AC(5) in relation to the scheme.".'.

No. 121, in page 18, line 29, at end insert—

'( ) In subsection (3)(b) (under quality contracts scheme local services to be provided only under quality contracts) after "section 127(4)" insert "and section 132C".'.—*[Paul Clark.]*

Clause 20

NOTICE AND CONSULTATION REQUIREMENTS

Amendments made: No. 164, page 19, line 6, leave out 'and'.

No. 165, in page 19, line 9, after 'relates', insert

', and

(d) if the proposed scheme relates to an area in England, send a copy of that notice to the senior traffic commissioner as soon as reasonably practicable after its publication.'.

No. 166, page 19, line 30, at end insert—

'(f) the date by which any written responses to the consultation must be submitted to the authority or authorities.'.

No. 167, page 19, line 36, at end insert—

'(1C) In subsection (1A)(e) "chief finance officer", in relation to a local transport authority, means that officer of the authority who is responsible under—

(a) section 151 of the Local Government Act 1972, or

(b) section 73 of the Local Government Act 1985,

for making arrangements for the proper administration of the financial affairs of the authority.".'.

No. 168, in page 19, line 41, at end insert—

'(4A) In subsection (3) (consultees) at the beginning of paragraph (e) (traffic commissioners for the area of the scheme) insert "if the proposed scheme relates to an area in Wales,".'.

No. 169, page 19, leave out lines 42 to 47.—*[Paul Clark.]*

Clause 21

APPROVAL OF PROPOSED SCHEME

Amendments made: No. 170, page 20, line 3, at end insert—

'(1A) Before subsection (1) insert—

"(A1) This section has effect in any case where the scheme or proposed scheme relates to an area in Wales.".'.

No. 171, page 20, line 3, at end insert—

'(1B) In subsection (1) (which refers to compliance with section 125) after "complied with" insert "the requirements of".'.

No. 172, in page 20, line 4, leave out subsections (2) and (3).

No. 173, page 20, line 12, at end insert—

'( ) In subsection (3) (right of person consulted under section 125(3) to make representations) for "consulted" substitute "who was consulted, or who is aggrieved at not being consulted,".'.

No. 174, page 20, line 13, after '(4)(a)', insert '—

(a) '.

No. 175, page 20, line 14, at end insert ', and

(b) omit "or (as the case may be) paragraphs (a) to (d) of section 124(1A)".'.

No. 176, page 20, line 15, leave out subsection (5).

No. 177, page 20, line 18, at end insert—

'(6) The heading to the section accordingly becomes "Approval of proposed schemes for areas in Wales".'.—*[Paul Clark.]*

Clause 22

APPROVAL BOARDS FOR ENGLAND

Amendments made: No. 178, page 20, leave out lines 22 and 23 and insert—

'(1) Where the senior traffic commissioner receives a copy of a notice sent by the authority or authorities pursuant to section 125(1)(d), a board (a "QCS board") is to be constituted in accordance with the provisions of this Part to discharge the functions of such a board in relation to the proposed scheme.

(1A) The board is to consist of 3 members.'.

No. 179, page 20, leave out lines 29 and 30 and insert—

'(4) Within a prescribed period of receiving the copy of the notice mentioned in subsection (1), the senior traffic commissioner is to—

(a) designate the traffic commissioner who is to be the Commissioner in the case of the particular board,

(b) give notice of that designation to the authority or authorities, in accordance with the prescribed procedure, identifying the person designated,

(c) publish, in such manner as may be prescribed, notice of the designation, identifying the person designated.'.

No. 180, page 20, line 34, leave out

'the traffic commissioner's knowledge of the area in question'

and insert

'any particular knowledge or experience that the traffic commissioner may have'.

No. 181, page 21, line 8, leave out 'that duty is' and insert

'the duties of the senior traffic commissioner under that subsection are'.

No. 182, page 21, line 9, at end insert—

'(8A) The persons who are to be members of the board by virtue of subsection (2)(b) are to be designated in such manner and at such time as may be prescribed.'.

No. 183, page 21, line 13, at end insert—

'(10) In this section "prescribed" means prescribed in regulations under section 126B or 133.".'.

No. 184, page 21, line 13, at end insert—

'(2) In section 162 of the TA 2000 (interpretation of Part 2) insert the following definition at the appropriate place in subsection (1)—

""QCS board" is to be read in accordance with section 126A(1).".'.—*[Paul Clark.]*

Clause 23

PRACTICE AND PROCEDURE OF APPROVALS BOARDS FOR ENGLAND

Amendments made: No. 185, in page 21, line 15, leave out '126A' and insert '126AC'.

No. 186, page 21, line 16, leave out 'approvals boards for England' and insert 'boards'.

No. 187, page 21, line 17, leave out 'rules' and insert 'regulations'.

No. 188, page 21, line 17, at end insert—

'( ) with respect to the constitution of a QCS board,

( ) with respect to the powers and duties of any such board,'.

No. 189, page 21, line 19, leave out 'approvals board for England' and insert 'such board'.

No. 190, page 21, line 22, leave out 'rules' and insert 'regulations'.

No. 191, page 21, leave out lines 24 to 32 and insert—

'(a) provision about requests under section 126AB(4);

(b) provision for an acknowledgement of the receipt of any such request to be issued by such person, and within such time, as may be prescribed in the regulations;

(c) the procedure to be followed in cases where a further request under section 126AB(4) is sent to the QCS board by virtue of section 126AB(6) in relation to a proposed scheme which has been modified (the "modified scheme");

(d) provision for or in connection with the making of representations about the modified scheme;

(e) the publication by the board of provisional findings before it publishes its report.'.

No. 192, page 21, line 34, leave out 'approvals board for England' and insert 'QCS board'.

No. 193, page 21, line 34, leave out from 'normally' to end of line 35 and insert 'have published its report'.

No. 194, page 21, line 36, leave out 'an approvals board for England' and insert 'a QCS board'.

No. 195, page 21, line 37, leave out from 'to' to end of line 38 and insert 'publish its report within that time.'.

No. 196, page 21, line 39, leave out from beginning to end of line 2 on page 22 and insert—

'(5) If a QCS board does not publish its report within that time, the Commissioner must immediately prepare a statement of—

(a) the reasons why the board has not published its report within that time;

(b) the action the board is taking to publish its report as soon as reasonably practicable;

(c) the time within which it is expected that the board will publish its report.'.

No. 197, page 22, line 7, leave out

'that made the application for approval'

and insert

'proposing to make the scheme'.

No. 198, page 22, line 10, after 'a', insert 'QCS'.

No. 199, page 22, line 12, after 'A', insert 'QCS'.

No. 200, page 22, leave out lines 14 and 15.

No. 201, page 22, line 17, at end insert—

'"report" means the report which the board is required to publish by virtue of section 126AC(5).".'.

No. 202, in page 22, leave out lines 18 to 23.—*[Paul Clark.]*

After Clause 23

Amendments made: No. 203, page 22, line 24, leave out Clause 24.

No. 204, page 23, line 38, leave out Clause 25.—*[Paul Clark.]*

Clause 26

MAKING OF SCHEME

Amendments made: No. 205, page 25, leave out lines 14 to 35 and insert—

'(2) For subsection (1) (making of scheme to be not later than 6 months after approval by appropriate national authority) substitute—

"(1) The authority or authorities who proposed the scheme may make it—

(a) in the case of a scheme for an area in England, in accordance with the requirements of subsection (1A);

(b) in the case of a scheme for an area in Wales, in accordance with the requirements of subsection (1B).

(1A) If the scheme is for an area in England, the authority or authorities who proposed it—

(a) must not make the scheme until they publish a response prepared by them to the report published by the QCS board under section 126AC(5) in relation to the scheme, but

(b) subject to that, may make the scheme at any time not later than 6 months after the publication of that report.

Any such response must state the actions (if any) which the authority or authorities have taken in relation to each of the board's recommendations (if any) under section 126AC(2) or (3).

(1B) If—

(a) the scheme is for an area in Wales, and

(b) the Welsh Ministers approve the scheme under section 126,

the authority or authorities who proposed it may make it, as approved, at any time not later than 6 months after the date of the approval."'.

No. 206, page 26, line 5, leave out

'the authority or authorities propose to'

and insert

'it is proposed that the authority or authorities will'.

No. 207, in page 26, line 15, leave out '(1), (1A)' and insert '(1A), (1B)'.

No. 208, page 26, line 15, at end insert—

'( ) In section 162(4) of the TA 2000 (provisions where references to Passenger Transport Authorities or Integrated Transport Authorities are to be read as references to Passenger Transport Executives) insert at the appropriate place in the list of provisions—

"section 127(3A),"'.—*[Paul Clark.]*

Clause 28

EFFECT OF SCHEME: DIFFERENT OPERATIONAL DATES AND EXCEPTED SERVICES

Amendments made: No. 122, page 26, line 30, at end insert—

'(c) in paragraph (b), after "under a quality contract" insert "or is an interim service (see section 132C)"'.

No. 123, in page 26, line 36, after 'registration', insert 'or variation'.—*[Paul Clark.]*

Clause 30

CONTINUATION OF SCHEME FOR FURTHER PERIOD

Amendments made: No. 209, page 27, line 12, leave out first 'the' and insert 'a quality contracts'.

No. 210, page 27, line 15, leave out from 'must' to end of line 22 and insert

', unless the proposal that the scheme should continue is an exempt continuation proposal (see section 131AA), comply with the requirements of—

(a) section 124(2)(b) (approval by Welsh Ministers), if the scheme is for an area in Wales, or

(b) section 124(2)(c) (publication of request to, and response to report of, QCS board), if the scheme is for an area in England.'.

No. 211, page 27, line 22 , at end insert—

'(2A) Section 125 applies in relation to the continuation of a scheme under this section as it applies in relation to the making of a scheme, but with the following modifications—

(a) any reference to a proposal to make a scheme is to be read as a reference to a proposal for the continuation of a scheme,

(b) any reference to the proposed scheme is to be read as a reference to the scheme as proposed to continue in operation,

and with the further modifications specified in subsections (2B) and (3), but this is subject to such modifications or exclusions as may be prescribed by regulations under section 133.

(2B) If the proposal is an exempt continuation proposal—

(a) section 125(1)(d) (duty to send copy of notice to senior traffic commissioner if scheme relates to area in England) does not apply, but

(b) section 125(3)(e) (duty to consult traffic commissioners for areas to which scheme relates) applies with the omission of the words "if the proposed scheme relates to an area in Wales."'.

No. 212, page 27, line 23, leave out

'mentioned in subsection (2)(a) must'

and insert

'that is to be published by virtue of section 125(1)(a), as applied by subsection (2A), must (instead of complying with section 125(1A))'.

No. 213, page 27, line 44, leave out from 'exempt' to 'a' in line 45 and insert 'continuation proposal,'.

No. 214, page 28, line 8, at end insert—

'(j) the date by which any written responses to the consultation must be submitted to the authority or authorities.'.

No. 215, page 28, line 8, at end insert—

'(3A) For the purposes of this section—

(a) subsection (1B) of section 125 (matters to be included in the description of the proposed scheme) applies for the purposes of subsection (3)(a) as it applies for the purposes of subsection (1A)(a) of that section, and

(b) subsection (1C) of that section (meaning of "chief finance officer") applies for the purposes of subsection (3)(h) as it applies for the purposes of subsection (1A)(e) of that section.'.

No. 216, page 28, leave out lines 9 to 16.

No. 217, page 28, line 17, leave out '(2)(a)' and insert '(3)'.

No. 218, page 28, line 18, leave out 'subsection (2)' and insert

'section 125(1)(a) and (b) (as applied by this section)'.

No. 219, page 28, line 19, after 'before', insert

'the scheme's expiry date.

(5A) For the purposes of this section, a scheme's "expiry date" is'.

No. 220, page 28, line 24, at end insert—

'(5B) The period for which a scheme continues in operation by virtue of a decision under subsection (1) may begin—

(a) on such day falling before, on, or immediately after the scheme's expiry date as the authority or authorities decide, or

(b) if the circumstances are such that the continuation of the scheme cannot begin on a day falling within paragraph (a), on such later day as the authority or authorities decide in accordance with regulations made by the appropriate national authority for the purposes of such circumstances.'.

No. 221, page 28, line 28, leave out from 'until' to end of line 49 and insert—

'(a) in a case where the scheme is to continue in operation for a further period, the day before the beginning of that period, or

(b) in any other case, the scheme's expiry date.'.

No. 222, page 28, line 49, at end insert—

'( ) Section 130 (tendering) applies to a scheme that continues in operation under this section (whether or not the proposal for the scheme to continue in operation was an exempt continuation proposal) but subject to regulations made by the appropriate national authority under section 133(3).".'..—*[Paul Clark.]*

After Clause 30

Amendment made: No. 223, page 29, line 1, leave out Clause 31.—*[Paul Clark.]*

Clause 32

APPEALS RELATING TO EXEMPT PROPOSALS FOR CONTINUATION OF SCHEME

Amendments made: No. 224, page 30, leave out lines 39 to 43 and insert—

'(1) This section applies where an authority or authorities who propose that a quality contracts scheme should continue in operation (with or without modifications) under section 131A—

(a) decide that the proposal is an exempt continuation proposal, and

(b) acting on the basis of that decision, decide that the scheme should so continue in operation.'.

No. 225, page 30, line 44, leave out from 'person' to 'may' in line 45 and insert 'falling within subsection (2A)'.

No. 226, page 31, leave out line 2 and insert

'an exempt continuation proposal, or'.

No. 227, page 31, line 4, leave out 'force' and insert 'operation'.

No. 228, page 31, line 4, at end insert—

'(2A) The persons are—

(a) any person who was consulted under section 125(3) (as it applies by virtue of section 131A in a case where the proposal is an exempt proposal),

(b) any person who was not so consulted, but who, in the opinion of the Transport Tribunal, ought to have been so consulted.'.

No. 229, page 31, line 4, at end insert—

'(2B) An appeal under this section may be—

(a) on a point of law, or

(b) on a question of fact.'.

No. 230, page 31, line 4, at end insert—

'(2C) On an appeal under this section the Transport Tribunal shall have power—

(a) to make such order as they think fit, or

(b) to remit any matter (with or without directions) to the authority or authorities for their consideration or determination or for such other purposes as the Tribunal may direct.'.

No. 231, page 31, leave out lines 8 to 13 and insert—

'(b) remit the matter to the authority or authorities with one or more directions under subsection (4),

(c) direct the authority or authorities to vary the scheme, as it continues or is to continue in operation, in such manner as the Tribunal may specify in the direction (but see subsection (4A)),

(d) quash the whole or any part of the decision of the authority or authorities (but see subsection (4B)).'.

No. 232, page 31, leave out lines 18 to 20 and insert—

'(b) as respects those matters, consult or further consult the persons mentioned in section 125(3) as it applies by virtue of section 131A in a case where the proposal is an exempt continuation proposal,'.

No. 233, page 31, line 21, leave out 'modifications of the scheme' and insert

'variations of the scheme, as it continues or is to continue in operation,'.

No. 234, page 31, line 22, at end insert—

'(4A) The Tribunal may give a direction under this section to vary a scheme by reducing the area to which it relates only if they are of the opinion that the conditions in section 132(3) are met.

(4B) The power of the Tribunal under this section to quash a decision of an authority or authorities that a scheme should continue in operation under section 131A is exercisable only if the Tribunal are of the opinion that there are defects in the scheme which are not capable of being remedied by varying the scheme under or by virtue of subsection (3)(b) or (c).'.

No. 235, page 31, leave out lines 23 to 29 and insert—

'(5) If, on an appeal under paragraph (a) or (b) of subsection (2), the Tribunal decide that the proposal for the scheme to continue in operation was not an exempt continuation proposal—

(a) they must allow the appeal to that extent,

(b) they must remit the matter to the authority or authorities, with or without directions, and

(c) subsections (6) to (9) have effect.

(6) The directions that the Tribunal may give under this section include—

(a) directions to take any action specified in the directions for the purpose of remedying any failure to comply with requirements of this Part that have effect where a proposal for continuation under section 131A is not an exempt continuation proposal,

(b) directions to make variations specified in the directions for the purpose of securing that the condition in paragraph (a) or (b) of subsection (1) of section 131AA (meaning of "exempt continuation proposal") is met in the case of the scheme,

(c) directions authorising the scheme to continue in operation temporarily, with or without variations, for a period specified or described in the directions, but subject to compliance with conditions as to the time within which any particular action specified in directions under this section is to be taken.

(7) Where the Tribunal give directions falling within subsection (6), they may also make provision in the order dispensing with the need to comply with such procedural requirements imposed by or under this Part as they may specify in the order.

(8) If the scheme or proposed scheme relates to an area in Wales, the Tribunal may not make any order which has the effect of—

(a) giving approval under section 126 as it applies by virtue of section 131B, or

(b) dispensing with the need for any such approval,

but this is without prejudice to the temporary provision that may be made in directions falling within subsection (6)(c).

(9) The appropriate national authority may make regulations with respect to the procedure to be followed in relation to a scheme in cases where the Tribunal decide that the proposal for continuation under section 131A was not an exempt continuation proposal.".'.—*[Paul Clark.]*

Clause 33

APPEALS RELATING TO CONTINUATION OF SCHEME

Amendments made: No. 236, page 31, line 33, leave out from 'where' to end of line 37 and insert

'an authority or authorities—

(a) propose that a quality contracts scheme for an area in England should continue in operation (with or without modifications) under section 131A,

(b) decide that the proposal is not an exempt continuation proposal, and

(c) acting on the basis of that decision, decide that the scheme should so continue in operation.'.

No. 237, page 31, leave out lines 38 to 46 and insert—

'(2) Any person falling within subsection (3) may appeal to the Transport Tribunal against the decision of the authority or authorities that the scheme should continue in operation.

(3) The persons are—

(a) any person who was consulted under section 125(3) (as it applies by virtue of section 131A in a case where the proposal is not an exempt continuation proposal),

(b) any person who was not so consulted, but who, in the opinion of the QCS board under section 126AC(1)(b), ought to have been so consulted.'.

No. 238, page 32, line 1, leave out

'Subsections (4) to (6) of section 126D'

and insert

'Sections 127A(4) to (7) and 127B'.

No. 239, page 32, line 3, leave out from 'of' to end of line 10 and insert

'section 127A, but with—

(a) the modifications in subsection (5), and

(b) such further or different modifications or exclusions as may be prescribed under section 133.

(5) The modifications are—

(a) any reference to the scheme is to be read as a reference to the scheme as it continues in operation,

(b) any reference to the scheme as made is to be read as a reference to the scheme as it continues in operation,

(c) any reference to the proposed scheme is to be read as a reference to the scheme as proposed to continue in operation,

(d) any reference to any conditions set out in any paragraphs of section 124(1) or (as the case may be) of section 124(1A) being met is to be read as a reference to those conditions being met by the scheme as proposed to continue in operation (with any proposed modifications),

(e) any reference to section 125 or any provision of that section is to be read as a reference to that section or provision as it applies by virtue of section 131A in a case where the proposal is not an exempt continuation proposal.'.—*[Paul Clark.]*

Clause 34

VARIATION OR REVOCATION OF SCHEME

Amendments made: No. 240, page 32, line 15, at end insert—

'(2A) In subsection (4) (grounds for revocation) for "or" at the end of paragraph (a) substitute—

"(aa) if they consider that those conditions would no longer be met with respect to it if they were to act in accordance with a direction given by the Transport Tribunal under this Part, or".

No. 241, page 32, line 16, leave out subsection (3) and insert—

'(3) In subsection (4A) (which defines the "relevant conditions" according to whether the scheme has been varied or not)—

(a) in paragraph (a), before "varied" insert "continued in operation under section 131A or",

(b) also in paragraph (a), for "124(1)(a) and (b)" substitute "124(1)(a) to (e)",

(c) in paragraph (b), before "varied" insert "continued in operation under section 131A or",

(d) in paragraph (c), before "varied", in the first place where it occurs, insert "continued in operation under section 131A or",

(e) also in paragraph (c), before "varied", in the second place where it occurs, insert "continued in operation or".'.

No. 242, page 32, line 18, leave out from beginning to 'A' in line 26 and insert—

'(4) For subsection (5) (procedure for varying or revoking a scheme etc) substitute—

"(5) The variation or revocation of a scheme under subsection (1) or (4) is subject to the provisions of—

(a) subsection (6) (revocation: areas in England),

(b) subsection (7) (non-exempt variation: areas in England),

(c) subsection (8) (exempt variation: areas in England), or

(d) subsection (9) (areas in Wales),

except to the extent that section 132B (exemption for specific variations directed by Transport Tribunal on appeal) otherwise provides.

(6) The revocation of a scheme for an area in England is subject to the following requirements—

(a) before deciding to revoke the scheme, the authority or authorities must consult the persons mentioned in section 125(3) and each relevant traffic commissioner,

(b) as soon as reasonably practicable after deciding to revoke the scheme, the authority or authorities must give notice of the decision to each relevant traffic commissioner and must publish the notice in at least one newspaper circulating in the area to which the scheme relates,

(c) the notice must state that the decision has been taken and specify the date on which the revocation is to take effect,

except to the extent that those requirements are modified or excluded by regulations made by the Secretary of State under section 133.

For the purposes of this subsection "relevant traffic commissioner" means the traffic commissioner for any traffic area which consists of or includes the whole or any part of the area to which the scheme relates.

(7) The non-exempt variation of a scheme for an area in England is subject to the same procedure as the making of the scheme, except to the extent that that procedure is modified or excluded by regulations made by the Secretary of State under section 133.

(8) The exempt variation of a scheme for an area in England is subject to the same procedure as the making of a scheme, except to the extent that that procedure is modified or excluded by regulations made by the Secretary of State under section 133, but for the purposes of this subsection—

(a) sections 124(2)(c) and (2A), 126A to 126B and 127(1)(a) and (1A) (the QCS board provisions) do not apply;

(b) there is no requirement to give notice to the senior traffic commissioner under section 125(1)(d);

(c) the authority or authorities must consult any traffic commissioner falling within section 125(3)(e) (which accordingly has effect for this purpose with the omission of the words "if the proposed scheme relates to an area in Wales,");

(d) sections 127A and 127B (appeals to the Transport Tribunal) do not apply;

(e) section 132A (appeals where proposed variation considered exempt) has effect in those cases for which it makes provision.

(9) The variation or revocation of a scheme for an area in Wales—

(a) requires the approval of the Welsh Ministers, except in the case of a variation which is an exempt variation, and

(b) is subject to the same procedure as the making of the scheme, except to the extent that that procedure is modified or excluded by regulations made by the Welsh Ministers under section 133.

(10) Section 130 (tendering) applies to a varied scheme (whether or not the variation is an exempt variation) but subject to regulations made by the appropriate national authority under section 133(3).

(11) '.

No. 243, page 32, line 31, at end insert—

'and a "non-exempt variation" is any other variation of a scheme."'.

No. 244, page 32, line 31, at end insert—

'(5) In consequence of the amendments made by subsection (4), renumber subsection (6) (regulations about revoking schemes before they come into operation) as subsection (12).'.—*[Paul Clark.]*

Clause 35

APPEALS RELATING TO EXEMPT VARIATIONS OF SCHEME

Amendments made: No. 245, page 32, leave out lines 35 to 39 and insert—

'(1) This section applies where an authority or authorities who propose to vary a quality contracts scheme under section 132—

(a) decide that the proposal is an exempt variation for the purposes of that section, and

(b) acting on the basis of that decision, decide to vary the scheme under that section.'.

No. 246, page 32, line 40, leave out from 'person' to 'may' in line 41 and insert 'falling within subsection (2A)'.

No. 247, page 33, line 2, at end insert—

'(2A) The persons are—

(a) any person who was consulted under section 125(3) (as it applies by virtue of subsection (8) or, as the case may be, (9)(b) of section 132 in a case where the variation is an exempt variation for the purposes of section 132),

(b) any person who was not so consulted, but who, in the opinion of the Transport Tribunal, ought to have been so consulted.'.

No. 248, page 33, line 2, at end insert—

'(2B) An appeal under this section may be—

(a) on a point of law, or

(b) on a question of fact.'.

No. 249, page 33, line 2, at end insert—

'(2C) On an appeal under this section the Transport Tribunal shall have power—

(a) to make such order as they think fit, or

(b) to remit any matter (with or without directions) to the authority or authorities for their consideration or determination or for such other purposes as the Tribunal may direct.'.

No. 250, page 33, leave out lines 6 to 10 and insert—

'(b) remit the matter to the authority or authorities with one or more directions under subsection (4),

(c) direct the authority or authorities to vary the scheme, to the extent of the variation made by the authority or authorities, in such manner as the Tribunal may specify in the direction (but see subsection (4A)),

(d) quash the whole or any part of the decision of the authority or authorities.'.

No. 251, page 33, leave out lines 15 to 17 and insert—

'(b) as respects those matters, consult or further consult the persons mentioned in section 125(3) (as it applies by virtue of subsection (8) or, as the case may be, (9)(b) of section 132 in a case where the variation is an exempt variation for the purposes of section 132),'.

No. 252, page 33, line 18, leave out 'modifications' and insert 'variations'.

No. 253, page 33, line 19, at end insert—

'(4A) The Tribunal may give a direction under this section to vary a scheme by reducing the area to which the scheme relates only if they are of the opinion that the conditions in section 132(3) are met.'.

No. 254, page 33, leave out lines 20 to 26 and insert—

'(5) If, on an appeal under paragraph (a) or (b) of subsection (2), the Tribunal decide that the variation was not an exempt variation for the purposes of section 132—

(a) they must allow the appeal to that extent,

(b) they must remit the matter to the authority or authorities, with or without directions, and

(c) subsections (6) to (9) have effect.

(6) The directions that the Tribunal may give under this section include—

(a) directions to take any action specified in the directions for the purpose of remedying any failure to comply with requirements of this Part that have effect where a proposed variation under section 132 is not an exempt variation,

(b) directions to make variations specified in the directions for the purpose of securing that the condition in paragraph (a), (b) or (c) of section 132(11) (meaning of "exempt variation") is met in the case of the variation,

(c) directions authorising the scheme to continue in operation temporarily, with or without variations, for a period specified or described in the directions, but subject to compliance with conditions as to the time within which any particular action specified in directions under this section is to be taken.

(7) Where the Tribunal give directions falling within subsection (6), they may also make provision in the order dispensing with the need to comply with such procedural requirements imposed by or under this Part as they may specify in the order.

(8) If the scheme or proposed scheme relates to an area in Wales, the Tribunal may not make any order which has the effect of—

(a) giving approval under section 126 as it applies by virtue of section 132, or

(b) dispensing with the need for any such approval,

but this is without prejudice to the temporary provision that may be made in directions falling within subsection (6)(c).

(9) The appropriate national authority may make regulations with respect to the procedure to be followed in cases where the Tribunal decide that the variation or proposed variation was not an exempt variation for the purposes of section 132.".'.—*[Paul Clark.]*

Clause 36

REGULATIONS ABOUT SCHEMES

Amendments made: No. 255, page 33, line 30, leave out 'after "varying" insert

", continuing"' and insert 'after "making" insert "continuing,"'.

No. 256, page 33, line 30, at end insert—

'( ) In subsection (1)(b) (approvals of schemes) after "schemes" insert "for areas in Wales".

( ) After subsection (1)(b) insert—

"(bb) the procedure to be followed by local transport authorities for areas in England when discharging functions that relate to a QCS board,

(bc) the procedure to be followed by QCS boards when discharging functions relating to proposed schemes for areas in England,".'.

No. 257, page 33, line 32, leave out 'after "proposed variations" insert

", continuations"' and insert 'before "variations" insert "continuations,"'.

No. 258, page 33, line 33, at end insert—

'( ) in paragraph (e) (applications for approval of proposals) after "proposals" insert "for areas in Wales",'.

No. 259, page 33, line 36, at end insert—

'(ef) the form and manner of requests under section 126AB(4) relating to proposed schemes for areas in England,

(eg) the form and manner in which copies of proposed schemes for such areas are to be sent to a QCS board under section 126AB(5),

(eh) the giving of notice, and the preparation and publication of reports, by QCS boards under section 126AC(5),

(ei) the form and manner of responses by local transport authorities to such reports,".'.

No. 260, page 33, line 37, leave out 'for "or variations" substitute ", variations or continuations"' and insert 'after "schemes" insert ", continuations"'.

No. 261, page 33, line 38, at end insert—

'(d) in paragraph (g) (notice of schemes or of their variation or revocation) before "variation" insert "continuation,".'.

No. 262, page 33, line 38, at end insert—

'(4) After subsection (2) insert—

"(3) The appropriate national authority may also make regulations modifying or excluding the application of provisions of this Part, so far as relating to quality contracts schemes, in cases where a local transport authority, or two or more local transport authorities acting jointly, do any of the following—

(a) by virtue of section 126AB(6), send to a QCS board a further request under section 126AB(4) and modified proposals under section 126AB(5),

(b) propose or decide that a scheme should continue in operation (with or without modification) under section 131A,

(c) propose or decide to vary or revoke a scheme under section 132.

(4) Regulations made by virtue of subsection (3) must not exclude any requirement for the authority or authorities—

(a) under section 126, to obtain the approval of the Welsh Ministers,

(b) under section 127(1A), to publish their response to the report of the QCS board.".'.—*[Paul Clark.]*

Clause 37

POWER TO MAKE TRANSITIONAL PROVISION ABOUT SCHEMES

Amendment made: No. 263, page 33, line 44, at end insert—

'( ) In subsection (1)(b) (transitional provision in connection with variation of schemes) before "variation" insert "continuation in operation or".'.—*[Paul Clark.]*

Clause 39

QUALITY CONTRACTS: APPLICATION OF TUPE

Amendments made: No. 124, page 34, line 27, at end insert—

'(1A) Subsection (2) also applies to a situation in which—

(a) local services which, on the coming into force of a quality contract, a person (the "former operator") would be required by virtue of section 129(1)(b) to cease providing in the area mentioned in subsection (1)(a) of this section, cease to be provided by the former operator before the coming into force of that quality contract, and

(b) at the same time, a person (the "new operator") begins to provide local services in that area under an agreement which the authority or authorities who made the relevant quality contracts scheme entered into by reason of the cessation of the local services referred to in paragraph (a).'.

No. 125, page 34, line 28, leave out 'such situation' and insert

'situation to which this subsection applies'.

No. 126, page 34, line 35, after 'subsection (1)(a)', insert

'or (as the case may be) the local services referred to in subsection (1A)(a)'.

No. 127, page 34, line 35, at end insert—

'( ) Any situation which by virtue of this section is treated as a relevant transfer for the purposes of TUPE is also to be treated as a relevant transfer within the meaning of TUPE for the purposes of sections 257 and 258 of the Pensions Act 2004 and any regulations made under section 258 of that Act.'.

No. 128, page 35, line 21, at end insert—

'(e) provision requiring the authority or authorities who made a quality contracts scheme to ensure that any quality contract entered into with a person under the scheme, or any other agreement made with a person for the provision of local services in the area to which the scheme relates, is made on terms—

(i) that require the person, in the event of there being any transferring employees, to secure pension protection for every transferring employee, or every transferring employee of a prescribed description, who as an employee of the former operator had rights to acquire pension benefits, and

(ii) that, so far as relating to the securing of pension protection for a transferring employee, are enforceable by the employee.

(5A) For the purposes of this section—

(a) "transferring employee" means an employee of a former operator whose contract of employment

becomes, either by virtue of TUPE or by virtue of this section, a contract of employment with a new operator;

(b) "pension protection" is secured for a transferring employee if after the change of employer referred to in paragraph (a)—

(i) the employee has, as an employee of the new operator, rights to acquire pension benefits, and

(ii) those rights are of such description as is prescribed by regulations.

(5B) The Secretary of State must exercise the power conferred by this section to make regulations containing provision falling within subsection (5)(e) so as to ensure—

(a) that pension protection is required to be secured for every transferring original employee who as an employee of the original operator had rights to acquire pension benefits, and

(b) that the rights to acquire pension benefits which a transferring original employee has as an employee of the new operator by virtue of paragraph (a) are rights which—

(i) are the same as the rights the transferring original employee had as an employee of the original operator, or

(ii) under provision made by regulations, count as being broadly comparable to, or better than, those rights.

(5C) For the purposes of subsection (5B)—

"transferring original employee" means a transferring employee—

(e) who immediately before the relevant date was employed by a person (the "original operator") providing local services in the area to which the relevant quality contracts scheme relates, and

(f) whose contract of employment—

(i) was, from that date until the change of employer referred to in subsection (5A)(a), a contract of employment with the original operator, or

(ii) on each occasion when the employee was subject to a relevant transfer became, either by virtue of TUPE or by virtue of this section, a contract of employment with a person providing local services in the area referred to in paragraph (a);

"relevant date", in relation to a quality contracts scheme, means—

(g) the date on which the scheme was made, or

(h) where—

(i) the local services being provided by the original operator were not subject to the scheme when it was made, and

(ii) as a result of either the variation of the scheme, or the continuation of the scheme with modifications, those services became subject to the scheme,

the date on which that variation, or (as the case may be) the decision to continue the scheme with those modifications, was made;

"relevant transfer" means anything that is, or is to be treated as, a relevant transfer for the purposes of TUPE.'.—*[Paul Clark.]*

Clause 44

APPLICATIONS FOR REGISTRATION WHERE QUALITY CONTRACTS SCHEME IN FORCE

Amendments made: No. 129, page 40, line 3, after 'service', insert

'which is to have one or more stopping places'.

No. 130, page 40, line 10, at end insert—

'(2A) After subsection (7) (variation or revocation of registration) insert—

"(7A) Where—

(a) a quality contracts scheme under section 124 of the Transport Act 2000 is in force,

(b) the operator of a local service registered under this section proposes to vary the registration,

(c) the service, as proposed to be varied, is to have one or more stopping places within the area to which the scheme relates,

(d) the service, as proposed to be varied, is not excluded from the scheme by virtue of section 127(4) of the Transport Act 2000, and

(e) the operator does not propose to provide the service, as proposed to be varied, under a quality contract by virtue of the scheme,

section 6B of this Act has effect with respect to the variation of the registration.".

(2B) In subsection (8) (time when variation etc becomes effective) after "Subject to regulations under this section" insert "and, in the case of variation, to section 6B of this Act,".'.

No. 131, page 40, leave out lines 13 to 25 and insert—

'(1) This section applies—

(a) by virtue of subsection (2B) of section 6 of this Act ("Case 1"), in relation to registration of the proposed local service mentioned in that subsection;

(b) by virtue of subsection (7A) of that section ("Case 2"), in relation to the proposed variation of the registration mentioned in that subsection.

(2) Where this section applies, the operator may apply to a traffic commissioner—

(a) in Case 1, for registration of the proposed service under section 6 of this Act, or

(b) in Case 2, for variation of the registration under that section,

notwithstanding anything in section 129(1)(a) of the Transport Act 2000 (sections 6 to 9 of this Act not to apply).'

No. 132, page 40, line 27, leave out

'the following provisions of this section'

and insert

'subsections (4) to (6) below'.

No. 133, page 40, line 32, leave out 'proposed service' and insert 'application'.

No. 134, page 40, line 32, after 'must', insert '—

(a) in Case 1,'.

No. 135, page 40, line 33, at end insert ', or

(b) in Case 2, vary the registration under that section.'.

No. 136, page 40, line 35, at end insert—

'(6A) In relation to Case 2, regulations may prescribe cases in which subsections (3) to (6) above do not apply.'.

No. 137, page 40, line 37, after 'provision', insert '—

(a) in Case 1,'.

No. 138, page 40, line 38, leave out 'will' and insert ', or

(b) in Case 2, of the local service as proposed to be varied,

will'.—*[Paul Clark.]*

Clause 59

ADDITIONAL SANCTIONS FOR FAILURES BY BUS OPERATORS

Amendments made: No. 139, page 53, line 4, leave out from 'subsection (3)' to end of line 5 and insert

'in the manner mentioned in subsection (1AA)'.

No. 140, page 53, line 11, at end insert—

'(1AA) An order under subsection (1A)(b) may require the operator to expend money on or towards—

(a) the provision of specified local services or specified facilities to be used in connection with such services;

(b) specified improvements in such services or facilities.

In this subsection "specified" means specified in the order.'.—*[Paul Clark.]*

Clause 68

THE PUBLIC TRANSPORT USERS' COMMITTEE FOR ENGLAND

Amendments made: No. 141, page 58, line 13, after 'any', insert

'provision of this Act or any other'.

No. 142, page 59, line 14, leave out 'an' and insert 'this Act or any other'.

No. 143, page 59, line 38, leave out 'an' and insert 'this Act or any other'.—*[Paul Clark.]*

Clause 69

POWER TO CONFER NON-RAIL FUNCTIONS ON THE RAIL PASSENGERS' COUNCIL

Amendments made: No. 144, page 60, line 9, leave out 'or'.

No. 145, page 60, line 11, at end insert—

'(c) prescribed tramway passenger services, or tramway passenger services of a prescribed description, so far as operating in England;

(d) prescribed passenger transport facilities in England, or passenger transport facilities in England that are of a prescribed description.'.

No. 146, page 60, line 13, after 'enactment', insert '(including this Act)'.

No. 147, page 60, line 24, after 'any', insert

'provision of this Act or any other'.

No. 148, page 60, line 33, leave out from 'to' to end of line 34 and insert '—

(a) services of a kind mentioned in paragraphs (a) to (c) of subsection (1), so far as operating in England, or

(b) passenger transport facilities in England.'.

No. 149, page 61, line 2, at end insert—

'"passenger transport facilities" means facilities for services of a kind mentioned in paragraphs (a) to (c) of subsection (1);'.

No. 150, page 61, line 4, at end insert—

'"tramway passenger service" means any service for the carriage of passengers by tramway.".'.—*[Paul Clark.]*

Clause 73

POWER TO ESTABLISH A NEW ITA

Amendment made: No. 151, page 64, line 22, leave out subsections (7) to (9).—*[Paul Clark.]*

Clause 76

AUTHORITIES' REVIEW OF ARRANGEMENTS

Amendment made: No. 152, page 66, line 43, leave out 'direction' and insert 'review'.—*[Paul Clark.]*

Clause 78

CONSTITUTIONAL ARRANGEMENTS

Amendment proposed: No. 26, page 68, line 29, at end insert

'but which arrangements must provide that members of the ITA who are not elected members of the ITA's constituent councils may not vote unless this is unanimously agreed by the ITA's elected members.'.—*[Mr. Leech.]*

Question put, That the amendment be made:—

The House divided: Ayes 178, Noes 268.

Division No. 293] **[9.31 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Elliwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howarth, David

Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Teather, Sarah
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Mr. Anthony
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Bob Russell and
Mr. Roger Williams

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David

Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Bob Blizzard and Helen Goodman

Question accordingly negatived.

Clause 78

CONSTITUTIONAL ARRANGEMENTS

Amendment made: No. 153, page 68, line 32, leave out subsections (3) and (4).—*[Paul Clark.]*

Clause 80

DELEGATION OF LOCAL AUTHORITY FUNCTIONS

Amendment made: No. 154, page 69, line 43, at end insert—

'( ) An order under this section which provides for the delegation of any function of a charging authority within the meaning of Part 3 of the TA 2000 may be made—

(a) where the area in relation to which the order has effect comprises all or part of the area of one charging authority, only with the consent of that authority;

(b) where that area comprises all or part of the area of two or more charging authorities, only with the consent of a majority of those authorities.'.—*[Paul Clark.]*

Clause 86

INCIDENTAL ETC PROVISION

Amendments made: No. 155, page 73, line 41, after 'amending,', insert 'modifying,'.

No. 156, page 73, line 42, at end insert—

'( ) The provision which may be included by virtue of subsection (4) does not include provision amending or disapplying sections 15 to 17 of, and Schedule 1 to, the Local Government and Housing Act 1989 (c. 42) (political balance on local authority committees etc).'.—*[Paul Clark.]*

Clause 87

PROCEDURE FOR ORDERS UNDER THIS CHAPTER

Amendment made: No. 157, page 74, line 6, at end insert—

'(3) If, apart from this subsection, an instrument containing an order under this Chapter would be treated for the purposes of the standing orders of either House of Parliament as a hybrid instrument, it shall proceed in that House as if it were not a hybrid instrument.'.—*[Paul Clark.]*

Clause 104

ABOLITION OF POWER TO REQUIRE CONSULTATION OR INQUIRIES FOR ENGLISH SCHEMES

Amendment made: No. 158, page 81, line 38, at end insert—

'(1A) For subsection (1) substitute—

"(1A) Where the charging authority or any of the charging authorities are—

(a) a local traffic authority for an area in England, or

(b) an Integrated Transport Authority,

that authority or those authorities (acting alone or jointly) must consult such local persons, and such representatives of local persons, as they consider appropriate about the charging scheme.

(1B) In subsection (1A)—

"local persons" means any persons who are likely to be affected by, or interested in, the making of the scheme;

"representatives" means any persons who appear to the charging authority or charging authorities to be representative of local persons.

(1C) In any other case, the charging authority or the charging authorities (acting jointly) may, at any time before an order making, varying or revoking a charging scheme under this Part is made, consult such persons as they consider appropriate about the charging scheme, variation or revocation."'.—*[Paul Clark.]*

Clause 124

EXTENT

Amendment made: No. 314, page 94, line 34, at end insert—

'(la) section [Financial penalty deposits: powers of vehicle examiners in Scotland];'.—*[Paul Clark.]*

Clause 125

COMMENCEMENT

Amendments made: No. 264, page 95, line 7, leave out ', rules'.

No. 159, page 95, line 9, after '116', insert

'[Street works: reinstatement and remedial works]'.—*[Paul Clark.]*

Schedule 4

CHANGE OF NAME OF PTAS: CONSEQUENTIAL AMENDMENTS

Amendment made: No. 160, page 115, line 8, at end insert—

'46A In section 198(2) (interpretation of certain references to authority's local transport plan) for "the Passenger Transport Authority for the passenger transport area" substitute "the Integrated Transport Authority for the integrated transport area".'.—*[Paul Clark.]*

Schedule 7

REPEALS

Amendments made: No. 161, page 126, leave out line 35 and insert—

'In section 198(2), the words from "and the councils" to the end.'.

No. 265, page 127, line 7, column (2), at end insert

'In section 126(4)(a), the words "or (as the case may be) paragraphs (a) to (d) of section 124(1A)".'.—*[Paul Clark.]*

Title

Amendments made: No. 162, line 8, after 'roads;', insert

'to make provision about the meaning of "street works" and "street works licence" in Part 3 of the New Roads and Street Works Act 1991;'.

No. 315, line 8, after '2004', insert

'and section 90F of the Road Traffic Offenders Act 1988'.—*[Paul Clark.]*

Order for Third Reading read.

9.45 pm

The Secretary of State for Transport (Mr. Geoffrey Hoon): I beg to move, that the Bill be now read the Third time.

I should begin by congratulating my right hon. Friends the Members for Bolton, West (Ruth Kelly) and for Doncaster, Central (Ms Winterton), who until a fortnight ago were responsible for the Bill. Their tireless efforts to take account of all the views of all those with an interest in local transport means that we are debating what I believe to be an excellent Bill, and the amendments that the House has accepted today have improved it still further.

I pay tribute to the countless others whose invaluable contributions have shaped the Bill that I hope we are about to send back to the other place. The rigorous pre-legislative scrutiny carried out last year by the Select Committee on Transport, then under the chairmanship of the late Gwyneth Dunwoody, helped to lay the foundations. I am sorry that she will not be giving me the benefit of her trenchant advice. I well recall that she once observed about one of my speeches on Europe that she thought that she disagreed with just about every single word that I had said. I hope that the advice of her successor, my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), and her Committee will be a little kinder, not least when we meet officially for the first time on Wednesday.

More than 200 organisations and individuals responded to the Government's public consultation on the draft Bill, contributing valuable new ideas. The Bill has been further improved at each stage of its progress through the other place and through this House. I am grateful to Lord Bassam of Brighton and to Baroness Crawley for their careful stewardship of the Bill, and to all noble Lords who participated in the debates in the other place. I am similarly grateful to right hon. and hon. Members in all parts of this House who participated in the Public Bill Committee debates and who have joined in today's discussions.

Many other organisations have worked with the Government as the Bill has evolved over the past couple of years, and I am most grateful for the constructive dialogue and healthy debate that has taken place. I emphasise how much we want these relationships to continue as we work to implement the Bill in the months ahead. I know that many have already contributed to the development of various draft regulations and guidance, and we look forward to further contributions from all those with an interest, within the House and beyond.

The Bill forms a crucial part of the Government's strategy to empower local authorities to improve public transport and to tackle congestion. Our priority is to reverse the downward trend of bus usage that we have seen outside London since the disastrous deregulation following the Transport Act 1985, as well as to put right the legacy of underinvestment that we inherited in 1997. This Bill, together with the Government's huge increases in public transport investment since 1997, is our response to local communities saying, "Enough is enough", to worsening services and declining patronage.

Bus services are at the heart of public transport in Britain, with more than 5 billion journeys made each year—two thirds of all public transport journeys. A reliable, high-quality public transport system makes a real difference to people in their everyday lives. People depend on buses to get to work, to the shops and to essential services such as schools and hospitals, and to visit their friends and family—and it is often the most vulnerable in our society who depend on buses the most. With this Bill, we aim to move beyond the failed deregulation of the 1980s and to do more to provide the transport services that the public deserve. By devolving decisions to those who understand the needs and requirements of their local area, we are empowering local authorities to secure the services that people want: buses that go where people want to go and when they want to go there, buses that turn up when they are expected to, and buses that are clean and comfortable—in short, an attractive and affordable alternative to the private car.

There are already some areas where bus operators and local authorities are working well together to deliver improvements that benefit passengers—operators such

as Trent Barton, in my own part of the country, which are highly regarded by the travelling public and provide a modern, up-to-date bus fleet for their passengers. However, we need to ensure that all our communities have the opportunity to make the same progress on transport as some are already enjoying. We also need to ensure that the governance arrangements in our major cities outside London, designed four decades ago, remain fit for purpose. This is why we have introduced this Bill.

We have heard today, as we did at earlier stages of the Bill's progress, a range of views about how best to secure those changes. Those on the Government Benches have argued forcefully in favour of greater decentralisation of powers and opportunities for local areas to take decisions about local transport in their own communities.

Mr. Roger Williams (Brecon and Radnorshire) (LD): On the question of decentralisation, and even devolution, I am sure that the Secretary of State welcomes, as I do, the powers given to the Welsh Assembly that will allow it to charge for road pricing where it thinks it appropriate. The Assembly should have that power.

Mr. Hoon: The Bill is wholly consistent with the Government of Wales Act 1998 and the devolution of power to Scotland.

At heart, the Bill is a decentralising one, whether by enhancing opportunities for operators and authorities to work in partnership to improve bus services, or by making quality contract schemes a more realistic option where there is a clear and demonstrable public interest case. The Bill is about empowering local areas and communities to take the decisions that are right for their areas. It is also about empowering individuals, particularly by providing for the creation of a statutory bus passenger champion to give passengers a stronger voice.

Mrs. Ellman: Would my right hon. Friend give me an absolute assurance that in interpreting the public interest, note will be taken of what locally elected people want to happen, rather than letting unelected people to interpret what local policy ought to be?

Mr. Hoon: It is clear in the Bill what is meant by public interest. That will be a matter ultimately to be decided by elected members of those communities, but of course on the advice given by the quality assurance boards. That is an important part of the balance and compromise that lie at the heart of the most recent Government amendments.

Mr. Betts: I come from the city of Sheffield, where bus ridership has declined to a third of what it was before deregulation. I wholeheartedly welcome the Bill, particularly the provisions dealing with quality contracts and the rights of local authorities. On climate change, there is a requirement for transport authorities to have regard to guidance issued by the Secretary of State. Will my right hon. Friend ensure that authorities cannot get away with simply making that a tick-box exercise, and that there is a real requirement to deal with climate change? Would he consider asking local authorities to make an annual statement in their local transport plans about the progress they are making on this matter?

Mr. Hoon: First, I pay tribute to my hon. Friend for the constructive way in which he has approached the Bill. I know that it does not entirely satisfy him in number of respects—

Mr. Betts: Ninety-nine per cent. of it does.

Mr. Hoon: I very much appreciate the 1 per cent. concession that he indicates he was willing to make.

As far as climate change is concerned, we need to develop matters in partnership, not least with the bus operators. I am keen that they should play a part in the improvement of emissions as far as buses are concerned. I hope that we will get into serious discussions on that in due course, and I hope that that was what he meant by saying that it should not be a tick-box exercise. I am clear that it should not be.

The hon. Members for Chipping Barnet (Mrs. Villiers) and for Wimbledon (Stephen Hammond) have consistently sought to limit the new opportunities that the Bill creates. I found it rather perplexing that they chose to oppose the Bill on Second Reading, despite clear support for its aims and approach from local authorities, including a number of Conservative ones, bus operators and the travelling public. Their resistance to the Bill's decentralising approach was at its most transparent in the debates on quality contracts, which the Opposition seem to rule out at all costs. Even where there is a demonstrable public interest case, they have argued that quality contracts schemes should not even be an option for local authorities, but they still have to say whether they would seek to abolish bus franchising in London.

I read the speech of the hon. Member for Chipping Barnet on Second Reading—I actually read it twice, on the basis that I could not identify at all what the hon. Lady is in favour of. It is clear what she is against, and it is clear that she and those on the Conservative Front Bench have become better in the ways of opposition, but until we know what they are for, I doubt that the country will entrust them with the responsibilities of government.

Stephen Hammond: If the Secretary of State had read that speech more carefully, he would understand our position, which has been set out clearly. We are in favour of voluntary partnerships and statutory quality partnerships. He questioned our localising credentials. Presumably, on that basis, he would have supported our new clause 3, which would have required local validation of local congestion charging schemes.

Mr. Hoon: As I said, I read the speech twice, and there is probably no time at this stage to perform a close textual analysis, but the scheme for encouraging the use of buses in this country was far from complete. All I detected was a healthy dose of scepticism—there is nothing wrong with that from an Opposition, but if they have the ambition to form a Government, we expect rather more from them in clear and constructive policy on a vital matter for the British public.

I emphasise that there must be appropriate safeguards to protect the legitimate interests of bus operators, and the Bill provides for those. However, perhaps I need to remind Conservative Members that the measure is ultimately about passengers, and not for bus operators.

[Mr. Hoon]

The Bill, which we are about to send to the other place, is a significant improvement on the one that was introduced in another place nearly a year ago. I have no hesitation in commending it to the House and wishing it a speedy completion.

9.55 pm

Stephen Hammond: The Secretary of State made an interesting speech. At least he recognised that the Opposition were entitled to scrutinise and criticise the measures that they considered. The Minister of State previously dealing with the Bill became somewhat hysterical about any clauses that we opposed either in Committee or on the Floor of the House. Indeed, the management of the Government's business has been such that the Opposition had no time to consider successfully, properly and democratically the amendments that the Government tabled. They tabled 162 amendments and 11 new clauses on 16 October. There was little business the next day, so few people saw them until the following Monday, thus granting less than a week to consider 162 amendments and 11 new clauses. On the last possible day, they tabled another phalanx—three more amendments and another new clause. It is impossible for the Opposition to scrutinise proposed legislation properly if the Government cannot table their amendments more quickly.

Mrs. Ellman: Does the hon. Gentleman intend to deal with substantive issues, such as the fact that 40 per cent. of transport operators' revenue comes from public sources, while there is evident public dissatisfaction with the deregulated bus service?

Stephen Hammond: The hon. Lady would do better to address those remarks to Labour Front Benchers, who gave us so little time to scrutinise those issues.

Mr. Scott: Does my hon. Friend agree that the British public will be mightily disappointed about how little time has been given to debate the important issue of road charging throughout our country?

Stephen Hammond: Indeed. The Government have performed U-turn after U-turn on national road pricing so that they are going round in circles. It was interesting that the Secretary of State refused to confirm whether the Government were prepared to use local road pricing as a Trojan horse for further stealth taxes. New clause 3 would have made it impossible for local government to impose local charging schemes without local validation.

We cannot support the quality contracts. We believe that the reregulation of the bus services for reasons of political dogma is not born out of any desire to improve services for the travelling public. Labour Members should remember that bus patronage has decreased consistently since the second world war. It fell most dramatically when bus services were regulated, not when they were deregulated.

If the Government genuinely want to do something about the bus service, they must wake up and confront the problems that face the industry. Patronage is declining not because the bus service is deregulated but because people use their cars for short journeys, buses spend half their time stuck in traffic and passenger information is poor. Throughout the country, partnerships are delivering better bus services for the travelling public. Clearly, if the Government had followed the partnership route, they would have had our support this evening.

As I have said several times before, the Bill is truly a curate's egg—or should I say the son of the manse's egg?—for it is good in parts, but fatally flawed in others. It is because of those flaws that I shall ask my colleagues to vote against it on Third Reading.

9.59 pm

Norman Baker: I am pleased to have the opportunity to say that we on the Liberal Democrat Benches support the Bill. It represents a step forward for public transport, ensuring that local authorities have more control and dealing with the problem of bus passenger numbers dropping, fares increasing and bus companies—

It being Ten o'clock, MR. SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [26 March].*

The House divided: Ayes 313, Noes 143.

Division No. 294] **[10 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Beith, rh Sir Alan
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank

Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Bob Blizzard and Helen Goodman

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William

Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and Alistair Burt

Question accordingly agreed to.

Bill read the Third time, and passed, with amendments.

POLITICAL PARTIES AND ELECTIONS BILL (PROGRAMME) (NO. 2).

Motion made, and Question put forthwith, pursuant to Standing Order No. 83 (Programme motions),

That the Order of 20th October 2008 (Political Parties and Elections Bill (Programme)) be varied by the substitution in paragraph 2 (time for conclusion of proceedings in Public Bill Committee) for the words 'Thursday 13th November 2008' of the words 'Thursday 20th November 2008'.—*[Chris Mole.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 29th October,

(a) notwithstanding paragraph (2)(c) of Standing Order No. 14 (Arrangement of public business) opposition business may be proceeded with, for three hours or until Four o'clock, whichever is the later, and shall then lapse if not previously disposed of; and

(b) notwithstanding Standing Order No. 20 (Time for taking private business) the Private Business set down by the Chairman of Ways and Means shall be entered upon at the conclusion of opposition business (whether before, at or after Four o'clock), and may then be proceeded with, though opposed, for three hours, after which the Speaker shall interrupt the business.—*[Chris Mole.]*

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Stamp Duty Land Tax

That the Stamp Duty Land Tax (Variation of Part 4 of the Finance Act 2003) Regulations 2008 (S.I., 2008, No. 2338), dated 2nd September 2008, a copy of which was laid before this House on 2nd September, be approved.—*[Chris Mole.]*

Question agreed to.

ADMINISTRATION

Ordered,

That Mr Nicholas Brown be discharged from the Administration Committee and Mr Thomas McAvoy be added. —*[Rosemary McKenna, on behalf of the Committee of Selection].*

Street Works (Utilities)

Motion made, and Question proposed, That this House do now adjourn.—*[Chris Mole.]*

10.12 pm

Andrew Gwynne (Denton and Reddish) (Lab): I am delighted to have secured tonight's Adjournment debate, in which I will highlight the negative effect of repeated digging by utility companies on the structure of our roads and highways. It has become a particular problem in my constituency, becoming increasingly costly to both the local authorities covering the Denton and Reddish area—Tameside and Stockport metropolitan borough councils.

Indeed, so bad is the situation that Tameside council has launched a campaign, "restore the roads", which the borough's three MPs are supporting to highlight the problem. Tameside council believes that our roads should be dug up only once in any year by the utility companies—very different from the 8,000 separate diggings that the borough had to suffer last year alone from a potential 106 different firms, all in a borough with only 442 miles of road! This continued work can lead to an unsightly patchwork effect of repair, which affects my constituents' everyday movements and quality of life. Basically, the law needs to be changed to allow for the full cost of restoration of the whole length of road by the body that carries out any digging, and for full ownership restoration of the roads with absolute permission being required from the council to carry out any digging.

Over recent years, the growth in the economy, the introduction of competition into utility services and increasing customer demand for essential services have brought with them increasing numbers of excavations in the streets in order to supply these services. That increase brings with it the increased potential for conflict between the utility contractors, which have the statutory rights to use the streets for provision of essential services, the highway authorities, and others who maintain them, and those who use the streets for transport purposes.

To address those issues, the New Roads and Street Works Act 1991—or NRASWA, as the engineers like to call it—provided a legislative framework for street and highway works, and it is supported by regulations and codes of practice. A number of measures have already been introduced to encourage improvements in the planning and execution of street works, and to help to minimise disruption, notably a scheme under section 74 of the Act to charge undertakers who fail to complete works within the time scales agreed between them and the highway authority. Additionally, the Act lays down standards for backfilling and reinstatements, as well as guarantee periods for maintenance.

Part 4 of the Traffic Management Act 2004 was introduced in April 2008 and has supplemented NRASWA, giving highway authorities more power to control and direct promoters of works effectively, with the aim of minimising disruption. Under the 2004 Act, there is provision to operate a permit scheme. Permits apply equally to activities carried out by highway authorities and utility companies, although highway authorities will not pay a fee. A permit will be required for every opening in the highway, and that will replace the system of noticing. Discussions are taking place on the way forward for operating a common permit scheme across the county of Greater Manchester.

The Act also has provisions for issuing fixed penalty notices for failure to provide notices or for giving inadequate or incorrect information on notices. Utility organisations are required by legislation to notify the authority of programmed works with realistic start and end dates, determined by type of work to be undertaken. Records of utility openings are kept, which monitor the time works are ongoing. Again, regular and systematic checking takes place to ensure that the works do not overrun the specific notice times permitted.

The implementation of section 74 of NRASWA enables works to be better planned and provides better information for street authorities to plan their inspections and co-ordinate works. Those notices contain the actual start date, the agreed duration and the completion date of the works. The council can charge utilities that overrun the agreed completion date, in accordance with laid out rules. However, with more and more excavations taking place, roads and footways are still becoming a patchwork of unsightly scars on the highway, leading to increased complaints and poor public perception of local authority management of its assets.

One such example is Oldham road, in the constituency of my hon. Friend the Member for Ashton-under-Lyne (David Heyes), which is a significant route.

David Heyes (Ashton-under-Lyne) (Lab): I am grateful to my hon. Friend for mentioning Oldham road in my constituency, as it is possibly the worst example in relation to the general point he is making. He would agree that Tameside is an excellent local authority—probably the best—but it is constantly frustrated in its endeavours to maintain the roads and footways to a high standard. Oldham road is a good example of that. In preparation for it becoming a quality bus corridor, the road surface was reconstructed. Within weeks, the utilities arrived and the pneumatic drills got to work. In next to no time, that splendid new road was pockmarked and potholed because of inadequate reinstatement.

Does my hon. Friend agree that that causes long-term and expensive damage, and that it is time that local authorities such as ours were given powers to re-charge utilities with the true cost of putting right this long-term damage to the integrity of our roads?

Andrew Gwynne: I agree absolutely. My hon. Friend makes an excellent case about Oldham road in his constituency. Similarly, just 12 months ago, extensive repaving—much of it modular block paving and carriageway resurfacing—took place in Denton town centre in my constituency. A year on, it is set to be ripped up by utility companies seeking to do extensive and major maintenance work, which they say was not programmed when the council contacted them 12 months ago.

Looking at some of the poor reinstatements across the borough, it is clear that long-term damage is caused by the street works, as my hon. Friend rightly says. The number of reinstatements in the highway is increasingly affecting both the appearance and quality of road and footpath surfaces in Tameside. Moreover, the premature maintenance required as a result of the structural and environmental damage caused by the deterioration of reinstatements is placing additional pressure on already stretched highway maintenance budgets. There is increasing public dissatisfaction with what must be described as a deteriorating situation.

Ms Celia Barlow (Hove) (Lab): I am glad that my hon. Friend has secured a debate that is timely for, in particular, constituents of mine who have battled home through the roadworks of Brighton and Hove. I have been courteously kept informed by the utility companies, and have become involved in discussions with Tory-led Brighton and Hove city council. However, over the past year—while the current council has been in office—the roadworks have multiplied, and there are few issues about which I have received more complaints.

The roadworks increase pollution and decrease the quality of life, and I am concerned about their effect on the economy of Brighton and Hove. Does my hon. Friend agree that we need joined-up thinking from the councils before they give permission for otherwise worthy roadworks?

Andrew Gwynne: I entirely agree. In the case of Oldham road and Denton town centre, the council approached the utility companies, which said that they had no such works planned for the area. They recently ripped them up. However, I take my hon. Friend's point about Brighton and Hove council, and I am sure that that is common practice throughout the country.

Proper reinstatement will restore the actual area that has been excavated, but I think it is commonly accepted that there is consequential structural damage to adjacent areas. There is also some evidence to suggest that reinstated areas display more surface defects, which in turn will allow further deterioration of the structure of the highway itself. Current legislation does not deal with the damage caused to the integrity of the highway. As things stand, the utility companies continually get away with it. They have to pay only for the part of the road that they dig up, and the council must pay for the rest to rectify the damage. That is very unfair to council tax payers and the community at large. Not only are many of the utility diggers ripping off the community with the excessive charges; they are ripping up our roads, and the community must pay again for a full restoration.

Recent research undertaken by Tameside council has shown that between 20 and 30 per cent. of inspected jobs are found to be defective in regard to health and safety, guarding issues, reinstatements causing danger, and non-adherence to specifications determined by road category. All those defects are monitored by the council's streetworks inspectors, and defects are corrected. Recent core sampling—checks on specifications after expiry of guarantee periods—has also indicated that 30 per cent. of jobs failed inspection, and would require utility organisations to return and rectify the problems. Those works will cause additional disruption to road users. Furthermore, the opening of trenches will have a significant negative public impact on Tameside as an "attractive borough", and will cause disruption and congestion to all users of the network.

The Minister will be interested to know that Tameside council has also calculated how much the work is costing it. Following detailed examination of Tameside's road network and condition, figures have been determined, subject to final verification. It has been calculated that the current gross replacement cost for carriageways and footways is £620 million. Tameside has established through its transport asset management plan that the improvement investment—that is, backlog maintenance—required is in the region of £27 million for carriageways and £10 million for footways, a total of £37 million.

It could be argued that if it is accepted that utility organisations reduce the life of the road by 30 per cent. as a direct result of utility openings, the local tax payer is contributing some £11 million as a direct result of the long-term damage caused to the local highway network by utility openings. That is £11 million diverted from schools, libraries and services for pensioners in my constituency.

It is high time that the utilities footed their fair share of the bill. I do not believe that they pay the real costs of the damage that they cause; in my view, they pay only part of it. However, there are a number of remedies that we could suggest to the Minister.

Utility openings create disruption and are difficult to manage and control, despite legislation and authority efforts to co-ordinate works. They contribute significantly to the expected—reduced—life of the highway and ultimately affect life-cycle plans for planned repairs, creating disproportionate demand on reactive spend levels, which is ultimately borne by the local taxpayer. It is impossible for local authorities to inspect all the openings at each stage and, as I have said, about 30 per cent. of inspections reveal defects and/or issues to be resolved. Recharges, made in line with legislation, allow costs to be recovered, but do not cover disruption or address long-term damage issues, so we need a change in the law.

There are a number of possible remedies, such as full width reinstatements under law. The Secretary of State has powers under section 78 of NRASWA to enable there to be a financial contribution by the utility organisations for the effects of long-term damage. However, this section of the Act has never been enacted. To help alleviate these issues, Tameside council has already tried to persuade companies to undertake full width construction at some locations. Although it has been successful in part, it has no powers to enforce this, and can only use a persuasive approach to achieve the objective. This should now be a legal requirement that makes the utility companies fully reinstate the roads. I believe it is now time for that part of NRASWA to be enacted, making the utility companies pay the full price for their works. I urge the Minister to consider enabling this part of the legislation.

This situation needs to be addressed. It cannot be fair for local people to be so regularly inconvenienced by road works, and for Stockport, Tameside and many other local authorities to have to pay for the structural damage caused by the utility companies. The utility companies made millions of pounds last year and can well afford to put right all the damage they have caused to local roads and highways. The estimated £11 million price tag should not be borne by the local council tax payers as it takes money away from valuable services. We urgently need a change in the law to make utility companies legally responsible for the very real damage they cause to our roads.

10.27 pm

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I congratulate my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) on securing this debate and on providing us with an opportunity to discuss works by utility companies in the highway. I know that he has written to my predecessors on this matter and I admire his tenacity in ensuring that it remains under close scrutiny.

Roads are the vital arteries of modern life. Not only do they allow roads users to travel to their destinations or deliver goods or services, they allow utility companies to provide the energy, water and telecommunications that we have come to expect as part of modern life. We expect them to be available all day, every day. This level of availability—99.9 per cent. of the time—is not easy to achieve. It requires utility companies to maintain, replace or upgrade their infrastructure to ensure this reliability and continuity of supply, as well as to repair and restore supply when it fails. This is not easy.

One penalty of being the first industrialised nation is that our infrastructure is older than that of most other countries. In London, up to 50 per cent. of the water mains are more than 100 years old and, astonishingly, 30 per cent. are more than 150 years old. London is not unique; many other parts of the country, such as Greater Manchester, have water and sewer mains that are more than 100 years old. This is not only the case for water. Gas mains are frequently more than 100 years old, and the majority are more than 50 years old. The majority of electricity mains cables are more than 50 years old, as are some telephone cables.

Given the age of much of this apparatus, it needs to be replaced, or, given growing demand, upgraded. This is not always easy on our busy modern roads. The New Roads and Street Works Act 1991—or NRASWA, as my hon. Friend catchily calls it—requires local authorities to co-ordinate all works on the highway to minimise the inconvenience to road users, promote safety and protect the street. Statutory undertakers such as utility companies have to co-operate with local authorities and each other. The 1991 Act also requires utilities to notify works, carry them out safely and reinstate them properly so that the highway can be returned to use.

In April this year, we brought in stronger powers for local authorities to co-ordinate works. They include longer periods of notice for major works to allow better co-ordination, clearer powers on directing when works can or cannot take place and longer restrictions on works by utility companies following roadworks—up to five years following major reconstructions and up to three years following resurfacing. All other substantial roadworks may be followed by a 12-month restriction. The powers also include the fact that a highway authority may now impose a restriction following major works by a utility company, restricting further work on the street by any utility company for up to 12 months. Fixed penalties for certain offences, mainly the failure to provide timely and accurate notices, have been available to authorities since May as an alternative to prosecution.

The Traffic Management Act 2004 also provided new powers for authorities to operate a permit scheme that allows them to control works in the highway proactively, subject to the approval of the Secretary of State. Permit schemes apply to the highway authority's own works as well as to those by utility companies. There have already been consultations on two such schemes, the London common permit scheme and the Kent permit scheme. The Department received applications for the London common scheme from 14 London boroughs and Transport for London in July. No decisions have been made on the current applications.

In 2001, the Department for Transport introduced powers for highway authorities to charge utility companies—they are usually known as section 74 charges—when their works take longer than agreed. That has resulted in better estimates from utility companies of the duration of works, which in turn increases authorities' ability to co-ordinate works and helps them to comply with their network management duty. The co-ordination code of practice, published by the DFT as statutory guidance in July 2007, stressed the importance of co-ordination for longer-term planned works anything up to five years away, but more usually two years away. That allows authorities and utility companies to adjust the timing of works so that utility works take place before a road is resurfaced by an authority, or so that road closures can be shared.

The 2004 Act placed a network management duty on local authorities, requiring them to do all that is reasonably practicable to manage the network effectively and keep traffic moving. That statutory duty reflects the importance placed on making best use of existing road space for the benefit of all road users. That strengthens the need for co-ordination of works, so that the same street does not have a series of works by different utility companies or the local authority over an extended period. Authorities and utility companies are encouraged to co-ordinate works where possible, so that they can share traffic management such as temporary traffic lights or one-way operations, even if the works are not in the same trench.

However, emergency repairs will always be needed for burst water or gas mains or to ensure that supply is restored to households and/or businesses. In Staffordshire, the highway authority has worked with utility companies and its own highways management team to co-ordinate works that, if carried out separately, would take many weeks. It is succeeding in reducing the time for which the highway is occupied. One example, on the A449, involved a gas main replacement and major resurfacing. If carried out as separate works they would have lasted 25 weeks. Instead, all work was completed in 12 weeks, with traffic management, temporary signals and one-way closure organised to maximise traffic flow.

Similarly, in London, Bishopsgate, a vital artery in the City, was closed for a weekend in March to allow a bridge for the East London line to be lowered into place. Transport for London used the opportunity to allow 10 different works promoters to carry out works at 25 separate sites in Bishopsgate. That removed any impact on weekday traffic that several separate works would have had.

Utility companies are required to make good or reinstate the highway after they have carried out works. When possible, they are encouraged to do that immediately after the works, which is known as first-time reinstatement. If that is not possible, due to inappropriate weather conditions for materials to set or the unavailability of specialist finishes, the utility company can make a temporary or interim reinstatement to allow the highway to be safely returned to use as quickly as possible. The permanent reinstatement is then carried out within six months. Local authorities can carry out inspections to ensure that sites are safely laid out and that the reinstatement is to the appropriate standard immediately after it has been done and is still adequate two years later, just before the guarantee expires.

Utility companies are investing in developing innovative ways of working to minimise the amount of excavation that needs to take place or reduce the duration of works when they are maintaining or upgrading apparatus. For

[Jim Fitzpatrick]

instance, gas and water companies are placing plastic pipes inside existing pipes rather than excavating a trench along the entire length of the mains. The most important thing is that the reinstatement is suitable for the level of traffic using the road and that deterioration does not take place. The 2004 Act provides new powers for local authorities to require those undertaking the work, such as utility companies, to resurface a street following works, but those powers have not yet been commenced. Their implementation will require new affirmative regulations and a statutory code of practice on how the powers can be exercised. Discussion with key stakeholders, especially local authorities and utility companies, will need to focus on the circumstance in which the powers could be exercised by local authorities; the extent of resurfacing that would be appropriate; whether a requirement to resurface a particular street could be placed on several utility companies; whether a financial payment could be made instead of resurfacing, and how that would be calculated; and when and how local authorities contribute to the cost of resurfacing by a utility company.

Careful consideration needs to be given to how the provisions in the 2004 Act should be delivered to ensure that there are no unintended consequences that adversely impact on either the travelling public or the customers of the utility companies. We prioritised our 2004 Act programme after we listened carefully to the views of our key stakeholders, who are, as I have mentioned, the local authorities, utility companies and their contractors. We keep in close touch with our stakeholders' opinions and if they have a strong view that we need to change our priorities, we will take that into account.

Implementation of the 2004 Act with regard to works on the highway by utility companies initially focused on the changes to the powers to co-ordinate and direct when works may or may not take place, and those regulations came into force in April. The next phases are revising the inspections regime—to ensure the safety of works and the quality of reinstatement—the safety code of practice and how records of buried assets are recorded and shared with others. Those important areas of work have been given priority, as inspections will help to ensure that works are carried out to the appropriate standard and improved records of buried assets will ensure that excavations are carried out in the right place and that the risk of damage to other people's assets is minimised, along with the risk to workers and the general public.

Department for Transport officials continue to work closely with the local authorities, utility companies and others to ensure that the regulations and statutory guidance are proportionate and practical. However, we need always to remember that regulations alone are not enough. As the examples I cited from Staffordshire and London show, early communication can deliver benefits for authorities, industry and more importantly, the general public—the customer common to both authorities and utilities—through reduced congestion and the reliable provision of water, energy and communication.

Good relations at both a working level, to deal with day-to-day issues, and, more strategically, to share good practice, are essential for the effective management of street works by all parties. The Department must work—and will continue to do so—with the whole sector to help build the right relationships for an effective, pragmatic approach to co-ordinating these essential works that will deliver the outcome needed: the minimised impact of works on road users and the provision of reliable essential services.

I conclude by again congratulating my hon. Friend on securing the debate. I know that he, like his Labour colleagues, will continue to ensure that the new arrangements work as well as possible, and I commend him on that as well.

Question put and agreed to.

Adjourned accordingly at twenty-one minutes to Eleven o'clock.

House of Commons

Tuesday 28 October 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Community Legal Advice Centre and Network

1. **Robert Neill** (Bromley and Chislehurst) (Con): When he next expects to meet the Legal Services Commission to discuss the roll-out of the community legal advice centre and network programme. [230370]

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): Lord Bach, the Minister with responsibility for legal aid, regularly meets the Legal Services Commission to discuss a range of issues relating to the legal aid reform programme, including the development of the community legal service.

Robert Neill: I am grateful to the Minister for that reply. Will she ensure that those discussions take account of the need to ensure that the roll-out of the community legal service does not prejudice the funding and operations of Citizens Advice? I recently met the excellent manager of our citizens advice bureau in Bromley, Angela Bragg. It provides a first-rate service, but there is a real fear that unless the creation of the community legal service is properly handled, it could cream off much of the funding and make some CABs no longer viable. That would be a serious loss to the communities they serve.

Bridget Prentice: I endorse what the hon. Gentleman says about the role of citizens advice bureaux, not only in Bromley but throughout the country. They do an excellent job, and it is important that they continue to do so. I can assure him that in the roll-out of community legal advice centres, which will offer integrated services on debt, housing, welfare and so on, the Legal Services Commission will invite tenders for its funds and citizens advice bureaux may well be part of that process. They have certainly been part of the process up to now, and I hope that they continue to be so.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): Does my hon. Friend accept that there is still general concern that the Legal Services Commission does not understand the nature of the third sector and the added value that is provided by organisations such as citizens advice bureaux? They not only deal with the legal issues, but look more widely at the problems that led somebody to get into legal difficulties. They also address the need for counselling and financial advice. Frankly, the tendering of services within Government sometimes misses the point in relation to that added value.

Bridget Prentice: I agree to some extent with my right hon. Friend in that those who seek legal advice often have multiple and related problems. Citizens advice bureaux and other not-for-profit organisations are often best placed to put all those together and give more rounded advice. When the legal advice centres are rolled out, the not-for-profit organisations will be part of the process, so that the recommendations about the shape of the future of the service will be in their hands. They will therefore be an integral part of the future of legal advice.

Mr. Henry Bellingham (North-West Norfolk) (Con): Further to the concerns expressed by my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), is the Minister aware that Leicester law centre has already closed and that one county council has stated that all its CABs are now under threat? Does she agree that the community legal advice centres and the community legal advice networks are untried and untested? What happened to the pilot scheme that was promised, and will she now consider urgently the harm that could be done to our vulnerable constituents if CABs have to close? Is not this yet another example of this Government trusting a bureaucratic, public sector solution, rather than a voluntary sector group such as the CABs?

Bridget Prentice: The hon. Gentleman has missed the point. Law centres are funded not so much by the LSC, but by other sources of funding. Therefore, it is not within the LSC's gift to decide whether they remain open. Of course it is unfortunate if a law centre makes the decision to close. However, the majority of providers are adapting well to the new system, including the not-for-profit sector. The LSC is not the only funder of advice agencies, and any withdrawal of an advice agency may be rooted elsewhere. Citizens Advice has worked closely with us throughout the legal aid reform programme, and I hope that it will continue to do so.

Julie Morgan (Cardiff, North) (Lab): Is my hon. Friend aware of the concern felt by small voluntary organisations in south Wales, in particular about the community legal advice network that is proposed to cover the Cardiff, Vale and Bridgend areas? Many of the small providers fear that they will not be able to compete, and they provide services for extremely vulnerable clients.

Bridget Prentice: I am not aware of the particular difficulties in south Wales that my hon. Friend mentions, but I will ensure that Lord Bach is made aware of them. If there are particular problems, he and the LSC will look at ensuring that the people of south Wales have access to proper advice agencies.

Prisoners

2. **Angela Watkinson** (Upminster) (Con): What recent discussions he has had with HM Prison Service on increasing the amount of purposeful activity undertaken by inmates in prisons. [230371]

9. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What recent discussions he has had with HM Prison Service on increasing the amount of purposeful activity in prisons. [230378]

The Minister of State, Ministry of Justice (Mr. David Hanson): The Government and the National Offender Management Service are committed to increasing the amount and quality of purposeful activity in prisons including, for example, the expansion and further development of links with private sector employers to increase the range of constructive work and training available to prisoners; the delivery of a comprehensive range of interventions designed to address offending behaviour; and an improvement in the quality of prison education provision.

Angela Watkinson: The Minister will agree that a custodial sentence provides the opportunity for training and education to prepare people to lead productive lives, but that what often happens in practice is that people are moved from prison to prison, meaning that they have different tutors and their courses are left unfinished. What will he do to remedy that? Will he have discussions with his colleagues in the Department for Business, Enterprise and Regulatory Reform and in the Department for Work and Pensions to see what additional work opportunities can be given to prisoners when they leave, so that they are motivated to learn while they are in prison?

Mr. Hanson: The hon. Lady makes a valid point. It is important that we have employment opportunities and that we link them to what happens in the world outside for when prisoners leave. Last year alone, more than 40,000 prisoners went into training and employment at the end of their sentence. I take the point that occasionally movement between prisons can disrupt sentences. We have to focus on providing meaningful employment, raising skills and matching that with the business world outside. Indeed, later this year I shall host a further seminar with some key employers to try to make links with prisons in the community.

Mr. Evennett: In June, the Government introduced the core day, which means that in 159 of our state prisons prisoners are locked in their cells for the whole of Friday, with the cancellation of classes and workshops. Does the Minister think that that will help in the fight against recidivism?

Mr. Hanson: I know that the hon. Gentleman meant Friday afternoon, rather than the whole of Friday. Prisoners are not locked up for the whole of Friday. We are looking at a range of efficiency measures. The core day is at an early stage in its implementation. I need to look at that, and we have a group looking at the impact of the core day on a range of services. Overall, last year, some 25.3 hours per prisoner was, on average, spent on purposeful activity. I want to see that figure increase and, for the reasons I gave to the hon. Member for Upminster (Angela Watkinson), I am trying to ensure that that happens.

Mr. Dennis Skinner (Bolsover) (Lab): Will the system that my right hon. Friend is outlining be comprehensive enough to find something useful for Russell Brand and Jonathan Ross to do in the event that they finish up inside?

Mr. Hanson: I am sure that we have some in-house entertainment that they can do. My hon. Friend makes a serious point. It is not for me to comment on the issues that were mentioned, but I feel that both Mr. Ross and Mr. Brand have to apologise for the broadcast. I do not think that it was appropriate or in keeping with broadcasting. I am not sure that it will result in prosecutions, but I feel that an apology is called for.

Kerry McCarthy (Bristol, East) (Lab): I am sure that the Minister will agree that given the reoffending rates among young offenders it is particularly important that they find purposeful activities during their periods inside. Is he aware of the scheme that has been operating between Ashfield young offenders institution and Avon fire and rescue, whereby the youngsters do the equivalent of a firefighter's training course? Does he think that that model could be adapted elsewhere?

Mr. Hanson: I am grateful to my hon. Friend for that point. I am aware of the scheme. It is important that we give people pride in themselves, as well as some recognition of their achievement, and that we let them learn new skills. The fire service scheme, linked with the young offenders institution in this case, offers all those activities. It is key to us that we raise the level of skills and of employability and that we give people some pride and self-worth, which, sadly, they often have not had outside the estate.

John Bercow (Buckingham) (Con): Given that the right hon. Gentleman is a notable progressive, and pursuant to the publication of the youth crime action plan, will he accept that it should be a priority to do something to help the 60 per cent.-plus of the 11,000 people in the young offenders estate who suffer from speech, language and communication problems on a scale and of a severity that prevents them from accessing conventional education and training courses?

Mr. Hanson: Absolutely. I am grateful to the hon. Gentleman for his recognition of my progressive nature, which I am sure the House will welcome. I recognise that he has done a considerable amount of work on the question of dyslexia and other learning disabilities. There is, sadly, a high correlation between the people who go into offending behaviour and their level of literacy and numeracy. We need to address the problem early. The youth crime action plan, with which I have been dealing along with my right hon. Friend the Home Secretary and my right hon. Friend the Secretary of State for Children, Schools and Families, is trying to look at early intervention and at how to make better use of people's time in custody to deal with those very issues.

David Taylor (North-West Leicestershire) (Lab/Co-op): There is a rather Dickensian feel to the list of activities that prisoners undertake: scrubbing floors, cleaning toilets and stitching laundry are jobs that Magwitch would recognise, but does my right hon. Friend have great expectations that a wider variety of tasks will be available in the years ahead that will genuinely fit discharged prisoners better for the outside world that will receive them?

Mr. Hanson: There is certainly some low-level employment in prisons, but I can give some different examples. I visited Wandsworth prison recently and saw the high investment that has been made in giving some prisoners computer skills so that they have the potential to work in the sector. Other prisons offer real and definite skills in housebuilding, decorating and painting, which require a high national vocational qualification. Indeed, funding for education in prisons has risen in the past six years alone from £57 million in 2001 to £170 million in 2008. That is real progress, and we are looking to match giving inmates skills for the outside world with what needs to be done in prison.

Dr. William McCrea (South Antrim) (DUP): I accept that purposeful activity for inmates is vital, but will the Minister assure the House that the justice system is there to punish those who have broken the law?

Mr. Hanson: Absolutely. Yesterday, my right hon. Friend the Justice Secretary repeated what all Ministers have always made very clear—that the justice system is about punishment and reform. There has to be an element of punishment, as that is what the public and victims quite rightly demand, but equally we need to make sure that those who come into contact with our system do not return to us after the end of their sentence. The key to that is employability, as well as raised skill levels and the maintenance of family links. We must also build support for accommodation outside prison and try to deal with some of the real and meaningful problems to do with drugs, alcohol and mental health. Our pathways programme tries to do all that in a positive way.

Fiona Mactaggart (Slough) (Lab): The Minister said that the important thing about purposeful educational activity in prison is that it prepares people for the world outside, and I welcome that. For example, great progress has been made in helping prisoners to learn to read, but the problem of giving prisoners—those doing National Extension College courses, and others—access to the internet is a real barrier to preparing them for the world outside. Has there been any progress in making it easier for prisoners to use the internet safely?

Mr. Hanson: First, may I pay tribute to the work that my hon. Friend did in this field when she held ministerial office? She rightly recognises that we need to raise prisoners' internet and computing skills in preparation for the outside world, and we are looking at how we can make that practicable in a secure way. However, she will accept that that there are real difficulties with internet usage and contact between prisoners and the outside world, so security concerns remain paramount in our approach to the issue.

Mr. Edward Garnier (Harborough) (Con): In July, the Government severely cut the amount of time that prisoners can spend working or learning to read and write, but even before that prisoners spent only three and a half hours a day, Monday to Friday, on purposeful activity. Does the Minister share my disappointment that, while the reoffending rate for ex-prisoners rockets and thus more victims of crime are created, the Secretary of State resorts to cheap soundbites about sentencing to disguise the Government's incompetence in failing to provide real opportunities for offenders to turn away from crime through purposeful activity in prison?

Mr. Hanson: First, let me tell the hon. and learned Gentleman that crime overall is down some 39 per cent. since 1997. Reoffending figures have also fallen over the past six years, as he will see if he looks at the announcement that I made to the House in September. He mentioned the figures on purposeful activity by prisoners, which I set out earlier to the hon. Member for Bexleyheath and Crayford (Mr. Evennett). Currently, in 2007-08, each prisoner spends some 25.3 hours per week on purposeful activity. That is a steady figure, but I am working to increase it and I know that I will have his support in doing so—although unfortunately a future Conservative Government, if there were to be one, would be unlikely to provide the necessary resources.

Fixed-term Parliaments

3. **Jo Swinson** (East Dunbartonshire) (LD): What recent representations he has received on the proposal for fixed-term Parliaments. [230372]

The Minister of State, Ministry of Justice (Mr. Michael Wills): The issue of fixed-term Parliaments has been debated in this House on a number of occasions. Most recently, the hon. Member for Cambridge (David Howarth) introduced a private Member's Bill that would have provided for general elections every four years.

Jo Swinson: Many excellent arguments are commonly used in favour of fixed-term Parliaments, but does the Minister agree that another advantage of such a system is that it would make it much easier to regulate party political spending over the entire electoral cycle? Surely that is particularly desirable, as there is clearly a need for much tighter control of party funding and spending.

Mr. Wills: On the hon. Lady's final point, she will be aware that we are bringing a Bill before the House that will address all those issues, and I look forward to her contribution to debates on it as we tackle what I agree is a very important issue. On the other issue that she raised, there are arguments on both sides. They have been exhaustively rehearsed, and no doubt we will continue debating them for the foreseeable future.

Dr. Tony Wright (Cannock Chase) (Lab): When I introduced a Bill on the subject many years ago, I was told that I had to get royal permission, which surely reminds us that, at some point, we need to get serious hold of prerogative powers. Does not the hon. Member for East Dunbartonshire (Jo Swinson) have a good essential point, which is that if we really want to control or get hold of the vexed issue of party funding, we have to get some more reliable control over the election spending period? Fixed-term Parliaments would enable us to do that.

Mr. Wills: I am grateful to my hon. Friend for his contribution. He will be aware, of course, that we are coming to terms with how we get a grip on the prerogative power; that is the basis of the "Governance of Britain" programme. We are introducing a Constitutional Renewal Bill, as he is well aware. We have built on the excellent work done by his Committee—the Public Administration Committee—to try to codify the royal prerogative. We will take that work further forward. Of course he is right that we have to get a grip on party spending at

election time: that is precisely why we are introducing the Bill. Again, I look forward to his contribution to debate on the Bill. I point out to him, and to the hon. Member for East Dunbartonshire (Jo Swinson), who first asked the question, that there are arguments against fixed-term Parliaments. As they will both be well aware, there is an element of inflexibility in such a system that sometimes would not serve this country well.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I say to Ministers that the present system gives far too much influence and control to the Prime Minister of the day? Those of us who want much greater parliamentary democracy and curbs on the Executive would like fixed-term Parliaments.

Mr. Wills: I agree with part of what the right hon. and learned Gentleman said, and the Prime Minister has already said that he wants the dissolution of Parliament to be subject to a vote in this House for precisely the reasons that the right hon. and learned Gentleman gave. There is a misunderstanding that fixed-term Parliaments would somehow remove the Executive's ability to hold an election at a time of their choosing. That is not necessarily the case. For example, the former West Germany had fixed-term Parliaments, but in 1972 and 1983 the Government of the day were able to engineer a general election by engineering a vote of no confidence in the Government, so what the right hon. and learned Gentleman is looking for would not necessarily transpire.

Criminal Injuries Compensation Authority

4. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What assessment he has made of the performance of the Criminal Injuries Compensation Authority. [230373]

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): Performance is monitored and managed on a monthly basis by my Department and by me. Assessment to date shows that the size of the CICA's live case load has reduced and is the smallest that it has been in 20 years. Its unit cost per case has reduced, the time for registering an application has reduced, and the time that it takes to reach a first decision has reduced.

Mr. Vara: I thank the Minister for those comments. Does she believe that the new criminal injuries compensation scheme properly addresses the discrepancies between the compensation awarded by the CICA and awards made by the civil courts?

Maria Eagle: The CICA scheme and its predecessor were never meant to ape the civil courts in every respect. The scheme is meant to enable victims of crime who cannot use the civil court to get some consideration from society of the fact that they have been victimised. It is not meant to be a parallel scheme that pays out the same as a civil court would.

Simon Hughes (North Southwark and Bermondsey) (LD): The CICA does a good, important job. Will the Minister look into a problem that delays cases, meaning that it is often years between an application being made and a decision being reached? It often results from poor or slow co-ordination between the authority, the police and other agencies. I can send her details of cases that have gone on years too long and have not been resolved.

Maria Eagle: Yes. I am happy to look at any cases that the hon. Gentleman wishes to send to me, which have come to his attention as a local Member of Parliament. Many Members will have come across such cases, and some of the issues that he identifies were raised by the National Audit Office in its report on the performance of the CICA. Its recommendations were accepted and we are implementing them to improve the aspects that the hon. Gentleman identified. Hon. Members will see that the performance of the CICA is improving as we go forward because we are focusing on those very issues. That said, there will be always be problems getting the right medical evidence and the right prognosis, and making sure that offers are properly made and accepted and that future loss of earnings is properly calculated. These things can never be done instantly, but I hope the hon. Gentleman and other Members will see the performance of the CICA steadily improve.

Mr. Ian Taylor (Esher and Walton) (Con): Does the Minister understand my concerns that the welcome increase in compensation for military injury in the battlefield has not been reflected in the civilian damages paid to people who are affected by terrorism? I have a constituent who was injured in the July 2005 bombings—she suffered more than 22 serious injuries. I do not accept that the tariff in the new scheme will properly reflect that, particularly when the assessment of that constituent was performed about three months after the injuries were incurred. The problems that she faces are increasing and will probably get worse during the years she lives. She is in her 20s.

Maria Eagle: Indeed, I accept the point that the hon. Gentleman makes—that a tariff-based scheme such as the CICA scheme will never be able to reflect as fully as a full civil litigation case could the true extent of injuries into the future. The CICA scheme is not intended to do that; it is meant to provide a measure of compensation for those who were the victims of, in this case, terrorism. The hon. Gentleman's constituent will, I hope, have benefited from the ex gratia payments from the charitable arrangements that were made. I hope that those will help her. It is important to realise that a tariff-based scheme that is meant to provide a measure of compensation to the victims of crime can never be expected fully to compensate, in the way that civil litigation could, for the full injuries that some people unfortunately incur.

Mr. Brian Binley (Northampton, South) (Con): I recognised in the Minister's opening response the word "reduced" on a number of occasions, but I did not hear any meaningful figures. Will she therefore update the House on the number of cases in the authority's backlog? In recognition of the fact that in 2007-08 the proportion of cases decided was only 64 per cent., will she tell us whether she thinks that is good enough? Will she improve on that this year?

Maria Eagle: I could bore the House for some time with a list of figures. I will tell the hon. Gentleman, subject to your indulgence, Mr. Speaker, that the case load has reduced over the past year from 83,986 cases to 73,813 cases; that the time taken to reach a decision over that period has reduced from 14 months to 12 months, with a target of 10 months looming on the horizon; that the time to register cases has reduced from a baseline

last year of 15 days to 8.3 days, with a target of three days; that the unit cost of each case has reduced from £400 last year to £359; that the target for resolving cases for next year—

Mr. Speaker: Order. I would say that the Minister should place a letter in the Library.

Mr. David Burrowes (Enfield, Southgate) (Con): Why did the Under-Secretary of State for Justice, the hon. Member for Lewisham, East (Bridget Prentice) tell the "Today" programme on 13 August:

"A victim of rape should not have any compensation reduced because of their drinking"

alcohol, yet a month before, the Minister introduced in Parliament a new compensation scheme that becomes effective next week, which the CICA confirmed does not exempt drunk rape victims from having their awards reduced? When will Ministers realise that what drives victims nuts, to use the Justice Secretary's phrase, is 11 years of posturing about victims of crime but not delivering real justice?

Maria Eagle: As I recall, when the slight changes to the scheme that come into force next week were debated in Committee, no party, including the hon. Gentleman's, objected to them or voted against them. May I make it clear that what the Under-Secretary, my hon. Friend the Member for Lewisham, East (Bridget Prentice) said in respect of that case is the current policy and always has been the policy. Those people who wrongly had their compensation reduced because they were supposed to have been drinking alcohol have had ex gratia payments, to the extent that we have discovered who they are, and any others who feel that they have had their compensation reduced on that basis will, if they come forward, get an ex gratia payment to make good that reduction.

Legal Services Act

5. **Mr. David Kidney** (Stafford) (Lab): What progress he has made in implementing the Legal Services Act 2007, with particular reference to its provision for alternative business structures. [230374]

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): I am pleased to say that implementation of the Legal Services Act 2007 is progressing according to the planned timetable. Implementation of alternative business structures will be possible after the Legal Services Board is fully operational; and that is expected in 2010. However, I intend to commence provisions that will enable legal disciplinary practices as soon as the regulators have made the necessary changes to their rules.

Mr. Kidney: Does the Minister agree that the changes that we are making are as significant for the provision of legal services in the future as the deregulation of the City was in the 1980s for the provision of financial services today? Can she assure the House that, this time, the regulation of those who are let loose to deliver financial services will be effective and meaningful and that, if she devises the scheme, she will consult the House so that her provision for that regulation can be scrutinised?

Bridget Prentice: I agree with my hon. Friend on all points. The 2007 Act is intended to put the consumer at the heart of the legal system. It will also encourage more effective competition, innovation and transparency and safeguard the independence of the legal profession. However, as he rightly says, the regulation must be proportionate and I assure him that the House will be party to ensuring that it is done properly.

Jeremy Wright (Rugby and Kenilworth) (Con): Does the Minister agree that along with the undoubted advantages of alternative business structures comes the risk that the public will perceive that they are not receiving advice as independent as the advice that they previously received from a separate set of professionals? Will she make sure that when the structures are implemented, particular attention is paid to the independence of each of those professionals under one roof, to make sure that the public not only get independent advice, but perceive that they do?

Bridget Prentice: I assure the hon. Gentleman that that will be the case. During debates on the Legal Services Bill in this House and the other place, we made it clear that the independence of legal advice was paramount. We have set up the structures so that the legal heads and financial heads are all independently agreed and there is no outside influence on the advice given to the consumer. For me, the most important part of the 2007 Act is that the consumer is, for the first time, to be put at the heart of the system.

Electoral Administration Act

6. **Paddy Tipping** (Sherwood) (Lab): When he plans to bring into force section 59 of the Electoral Administration Act 2006; and if he will make a statement. [230375]

The Minister of State, Ministry of Justice (Mr. Michael Wills): As my hon. Friend will be aware, section 59 of the Electoral Administration Act 2006 cannot be brought into force until the Electoral Commission informs my right hon. Friend the Secretary of State for Justice that it is satisfied that it will receive the information that it needs from the House authorities. Discussions between the House authorities and the Electoral Commission have been ongoing for some time and are continuing, although I expect them to conclude soon.

Paddy Tipping: Is the Minister aware that a system of dual reporting to the Registrar of Members' Interests and the Electoral Commission causes concern and confusion across the House? Is it not important to have a one-stop shop? If we do not implement section 59, the Political Parties and Elections Bill, currently before the House, provides other opportunities. Will the Minister take the opportunity and act?

Mr. Wills: I take this opportunity to thank my hon. Friend, the right hon. Member for North-West Hampshire (Sir George Young), who is in his seat, and all their colleagues on the Standards and Privileges Committee for all the hard work that they have done to bring this matter to a resolution. Of course we understand how important the issue is to all Members of the House. We are not far off resolving the issue, and I hope that the solution that emerges will meet the House's approval.

Mr. Andrew Mackay (Bracknell) (Con): As we all agree, the dual declaration is wrong. It causes confusion, and innocent mistakes are often unreasonably punished. Is it not about time that the Secretary of State pushed the Electoral Commission, which we know has been dragging its feet? This situation has gone on for months and is totally unacceptable. The Electoral Commission needs to move—and move fast.

Mr. Wills: I agree with the right hon. Gentleman. The time has come to act. This has been going on for too long, and we are determined, as far as we can, to bring it to a conclusion. We think that we are very close to that, and we hope that the solution will emerge soon.

Electoral Systems

7. **Mr. Charles Kennedy** (Ross, Skye and Lochaber) (LD): What progress has been made in his Department's review of electoral systems; and if he will make a statement. [230376]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): The Government's review of voting systems was published in January this year. It considers the experience of the voting systems introduced in the United Kingdom since 1997, and much comparative data from around the world. The review forms an important part of the continuing debate on electoral reform—on which, of course, I have a very open mind.

Mr. Kennedy: I think that we all knew about that latter point. It is nice to hear that the Justice Secretary can get a word in edgeways, given the plethora of Ministers that he has assembled around him. He will undoubtedly go down in history as one of the great electoral reformers of recent years, with the number of systems that he has introduced at different levels in different places. When he published the Government's review of electoral systems, to which he referred, he said that it was to "inform the current debate". If so, why is there is no specific mention of electoral reform in the White Paper, in the Government's draft constitutional reform Bill, or in the next steps of governance process? Is not that a bit of an oversight in terms of informing the debate? Why not extend the joyous Scottish experience of the single transferable vote for local government south of the border?

Mr. Straw: The right hon. Gentleman and I probably have slightly different views. *[Interruption.]* I may have an entirely open mind, but I have reached a settled conclusion on the system of electing coalitions of the kind that they have in Austria, which led to deadlock and a failure of the electors to express their opinions, in Israel, which leads to continual and repeated elections, in New Zealand, where the introduction of proportional representation led to a decline in turnout, and in Norway, where proportional representation is blamed for causing political disengagement by preventing voters from being able to turf out Governments. So far, therefore, I have not been convinced. As for Scotland, it is of course true that the party of which I am honoured to be a member has introduced in manifestos, and therefore in legislation, some forms of proportionality in elections—not to this place but to other assemblies. I note that one commentator, Mr. Simon Jenkins, pointed out in *The Guardian* last year:

> "The Lib Dems are proving that they cannot work a system to which they have hitched their wagon for half a century."

He concluded:

> "It is surely time for the Lib Dems to fold their tent and go."

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Whatever the merits of proportional representation, will my right hon. Friend, in his review of electoral systems, take another look at the system that was employed in the European elections, and probably conclude that a closed list system is just about the worst of all possibilities?

Mr. Straw: My hon. Friend will remember that the closed list system was a manifesto commitment in 1997, and it was my duty, simply as a servant of the party, to put it before this House without expressing any personal opinion about its merits or otherwise. She may have noticed, however, that in the proposals in the very good all-party White Paper on the reform of the House of Lords—I have to say, for the avoidance of doubt, that this was not a proposal with which the Opposition were associated—we ruled out, whatever other system was proposed, a closed list system. My hon. Friend, and indeed the House, may wish to give a wider audience to that conclusion.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Justice Secretary agree that any form of proportional representation will lead to no Government or to bad Government—and furthermore, that any list system will ensure that this place is stuffed full of supine party individuals, here only to do what their party tells them, that that will do this House no good, and that people will have less and less interest in politics and in how this House operates?

Mr. Straw: I agree with the hon. Gentleman in every particular. Alongside his serious points, let me make a serious point.

John Bercow (Buckingham) (Con): He's not a supine individual.

Mr. Straw: And neither is the hon. Member for Buckingham (John Bercow), and neither are most of my hon. Friends—*[Laughter.]* And just so that we are clear, some say that I am not, either.

I understand the sedulous attractions of proportional representation, although I profoundly disagree with them. The point that those who support PR have never been able to explain is that there can be no proportional transfer of votes into power. A criticism made of first past the post is that it often gives power to a minority, but it usually gives power to the largest minority, whereas the overwhelming difficulty with proportional representation is that it gives power to the smallest minority.

Mr. Speaker: I call Jim Devine.

Mr. David Winnick (Walsall, North) (Lab): Does my right hon. Friend believe—

Mr. Speaker: Order. I called Mr. Devine.

Mr. Jim Devine (Livingston) (Lab): I was bowing to age, there, Mr. Speaker. May I assure my right hon Friend the Secretary of State for Justice that many of us in our party in Scotland do not support STV? It is causing major problems with constituents. They do not know who their councillor is. Other constituents are playing councillors off against other councillors, and there is a detrimental effect on councillors' health. Instead of going to one community council meeting, they have to go to three or four, multiplied over a month.

Mr. Straw: I take full note of what my hon. Friend has said, and I will record that as a balanced contribution to the consideration of what we shall do in future.

John Mason (Glasgow, East) (SNP): Does the Minister agree that the most popular Government in the UK at the moment are the Scottish Government? They happen to be a minority Government and they have the advantage that they cannot force through any measures on their own, but need other parties to join with them. That tends to give a majority view to issues that are carried forward—and STV at council level means that people have the choice to bypass sleepy traditional councillors.

Mr. Straw: I also note that the alleged attractions of the Scottish Executive are rather diminishing as reality presses in on them, and the claim that Scotland would form an arc of prosperity—along with those other paradigms of prosperity, Ireland and Iceland—now looks slightly tatty.

Employment Tribunals

8. **Tony Lloyd** (Manchester, Central) (Lab): What assessment he has made of the capacity of employment tribunals to discharge their functions in a timely fashion. [230377]

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): The performance of employment tribunals is discussed monthly by the tribunal service executive team and quarterly by a special steering board. Officials also regularly meet statisticians from the Department for Business, Enterprise and Regulatory Reform to produce robust forecasts, and to inform resource and sitting day requirements. The tribunals aim to bring 75 per cent. of individual claims to full hearing within 26 weeks of the claims being accepted, and to issue 85 per cent. of judgments within four weeks of the date that cases are concluded. In 2007-08 the former target was missed by 1 per cent. and the latter exceeded by 2 per cent.

Tony Lloyd: Is my hon. Friend aware of the massive increase in the number of cases before tribunals concerning equal pay? Although they quite rightly need to be resolved, they take a long time because of the complexity, and the increase in numbers has been phenomenal. It is possible that half the cases before tribunals this year will involve equal pay. Can she assure the House that we will not get into a position whereby people whose cases do not involve equal pay will find themselves crowded out from the justice that they expect from the tribunal system?

Bridget Prentice: My hon. Friend makes an important point. Equal pay claims have existed for more than four years, and so far we have been able to cope with the case load. Sometimes, however, they can be complicated and take quite a long time to settle. We are aware of the concerns that my hon. Friend raises about the growth in equal pay claims, and the impact that they can have on tribunals' ability to manage their case loads and to hear other important and pressing cases. As a result, we have set up two specialist units, in Newcastle and Scotland, to deal with such claims. I assure my hon. Friend that I will monitor the situation closely to ensure that other cases that equally deserve a hearing will be heard.

End of Custody Licence Scheme

10. **Mr. James Gray** (North Wiltshire) (Con): What recent assessment he has made of the effectiveness of the operation of the end of custody licence scheme. [230379]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): The end of custody licence scheme was necessary when it was introduced, but, as I made clear to the House, I intend to phase it out as soon as there is sufficient prison capacity to do so. So far this year, about 2,500 additional places have been provided ahead of target.

Mr. Gray: Since the scheme was introduced, some 34,000 prisoners have been released early: 6,500 were violent and 650 have reoffended. When does the Secretary of State believe that he can end the scheme? It will not even be reviewed until the end of next year, by which time it is estimated that some 70,000 prisoners—many of them violent—will have been released on to our streets.

Mr. Straw: It is important to recall that we are considering release in the last 18 days—two and a half weeks—of a sentence. It is important to put that in perspective. There are a great many exclusions from the scheme, including serious violent and sexual offenders. It is not the case that we will review the scheme only at the end of next year. I keep it constantly under review and I understand the House's concern, which I share—18 days is still 18 days. I do not dispute the public concern about the scheme, which we keep constantly under review. As soon as I judge that there is sufficient capacity in the system, I will phase it out.

Nick Herbert (Arundel and South Downs) (Con): In a written answer published late last night, the Government reveal that three alleged murders were committed by prisoners while released early under the end of custody licence scheme. How can the Secretary of State have the front to talk about punishing offenders and being on the side of victims when his policy—under which more than 36,000 prisoners, including 7,000 violent criminals, have been released early—so clearly puts the public at risk?

Mr. Straw: Of course, I understand the concern. I gave the figures to the hon. Gentleman, and I was concerned to ensure that he got them and that they were comprehensive. There are three cases, out of the thousands of prisoners who have been released early, in which allegations of murder have been made. In one case the proceedings are continuing, and I cannot comment on

it. In the second case, the alleged perpetrator subsequently killed himself. When the third case came before the court last December, Mrs. Justice Swift stated in her sentencing remarks:

"The fact that you were released early cannot, in my view, be said to have been causative of what happened thereafter"—

that is, the murder. She continued:

"It is highly likely that the events that took place would have occurred whenever you were released."

Nick Herbert: I find that answer astonishingly complacent. It appears that three additional murders may have been committed by offenders who were released 18 days early. We already know that one prisoner who was released early was convicted of a murder when he should have been safely behind bars. Last night the Ministry of Justice claimed that the scheme was working well. What is working well about a scheme that releases early offenders who go on to commit such serious crimes? The Ministry said that it would scrap early release when it was safe to do so. Is it not obvious to everyone, except the Government, that the policy is unsafe now, and should be scrapped immediately?

Mr. Straw: I have given the answer about the three murder allegations. I simply repeat to the hon. Gentleman that the remarks about whether that particular terrible event would have taken place in any event were made not by me but by the honourable Mrs. Justice Swift, and she was very clear about it—sufficiently clear to put it on record in the sentencing remarks. In a circumstance in which I regret the scheme, I emphasise that the reoffending rate is 1 per cent., which is low, and that breaches are tackled quickly.

Since the hon. Gentleman takes the matter to a party political level, let me say that he got surprisingly little coverage for a speech that he made to the Prison Governors Association on 8 October. It requires a wider audience, because he claimed:

"we are the only major political party that is now talking about reducing the prison population".

If that is the Opposition's policy, they will have serious difficulties in cutting out end of custody licence release.

Topical Questions

T1. [230396] **Mark Hunter** (Cheadle) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I would like to report to the House that we have made considerable progress in protecting the public by reducing reoffending in both adults and juveniles. The latest figures show that between 2000 and 2006 adult reoffending was down by 23 per cent., while juvenile reoffending was down by 19 per cent., although we of course accept that we have a great deal more work to do.

Mark Hunter: Members will remember that the introduction of a British day was a key recommendation of Lord Goldsmith's much heralded citizenship review, principally in order to encourage members of the public to celebrate our national identity and to promote greater integration and tolerance. However, there seems to be some confusion, which I hope the Minister can clarify. Last week the Minister of State, Ministry of Justice, the hon. Member for North Swindon (Mr. Wills) said in reply to a written question from the hon. Member for Romford (Andrew Rosindell):

"there are no plans to introduce a national day".—[*Official Report*, 21 October 2008; Vol. 481, c. 243W.]

Last night, according to the BBC—

Mr. Speaker: Order. Supplementaries should be brief, particularly in topical questions, as I have said before. So perhaps we could have a brief reply.

The Minister of State, Ministry of Justice (Mr. Michael Wills): I can reassure the hon. Gentleman that there is no confusion at all. We are considering all the Goldsmith review's recommendations and will bring our conclusions to the House in due course.

T5. [230400] **John Robertson** (Glasgow, North-West) (Lab): My right hon. Friend will be aware that the money that has been allocated to groups in Scotland through the Barnett formula, and in particular the money for the groups that need it most, has fallen into a black hole under the current Administration there. Is it not time we revisited the constitutional settlement, to ensure that the money that goes to Scotland through the Barnett formula gets to the vulnerable people who need it, and for whom it was intended in the first place?

Mr. Straw: I understand my hon. Friend's deep concern for his constituents in need whose needs are not being met by the policies of the Scottish Executive. However, part of the settlement was for there to be a block grant, so that there is full accountability by those who are making the decisions on spending.

T2. [230397] **Jo Swinson** (East Dunbartonshire) (LD): With repossessions going through the roof, surely we need strong protection enshrined in law on both sides of the border to ensure that repossession is only ever used as a last resort. Will the Minister confirm whether the recently announced changes to the repossession procedures are statutory, and say how they can be enforced?

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): What I can say to the hon. Lady is this. The protocol will take effect from 19 November and will set out clear guidance from the judiciary on the steps that lenders are expected to take before bringing a claim in the courts, with a view to ensuring that repossession is a last resort. If a case reaches court, the lenders will be required to be able to tell the court precisely what they have done to comply with the protocol, which will apply to arrears on first and second-charge residential mortgages. The protocol does not alter the parties' existing rights and obligations. The judiciary have brought the protocol forward and we welcome that move, so that we can safeguard those who are particularly vulnerable during this economic crisis.

T3. [230398] **Mark Pritchard** (The Wrekin) (Con): On Christmas eve 2006, my constituent, Mr. David George, a serving police officer in the West Mercia police force, was brutally attacked and kicked unconscious, and needed hospital treatment. The offender was subsequently caught, prosecuted and sentenced to 14 months in

prison. Does the Justice Secretary share my outrage and the outrage of my constituents Mr. and Mrs. George, who were informed only last week that the culprit had been released, having served only 12 weeks behind bars? Is this the Justice Secretary's new definition of punishment?

Mr. Straw: My heart, and that of the whole House, goes out to the police officer who was injured, and to his family, colleagues and friends. The hon. Gentleman will appreciate that I cannot possibly make comments on individual sentencing decisions; no one in my position can. However, I can say without contradiction that everyone knows that the prison population has risen by a third in recent years, and that the sentences typically handed down by the courts are longer, particularly for those convicted of offences of violence.

Natascha Engel (North-East Derbyshire) (Lab): What steps is my right hon. Friend taking to ensure that when an employment tribunal makes an award, the employer pays up?

Bridget Prentice: My hon. Friend makes an important point. There have been cases in which a tribunal has found in favour of a claimant, yet the employer has not been as willing as he or she ought to have been to pay them. Next year, under the Tribunals, Courts and Enforcement Act 2007, we will ensure that cases can be registered in the county court, so claimants will be able to get a speedier resolution to the issue. This is something that we are concerned about. When a claim goes to an employment tribunal and the tribunal upholds the claimant's position, it is quite unacceptable that the employer should then either delay or deny the claimant their rightful compensation.

T4. [230399] **Mr. Gary Streeter** (South-West Devon) (Con): Prison officers in my constituency report to me that incidents of assault on prison staff by prisoners at HMP Dartmoor have recently risen sharply, perhaps reflecting a wider concern in society about the rise of violent crime. What steps have the Government taken to analyse this increase in assaults on prison staff, and what will the Minister do to ensure that these hard-working public servants are carefully protected?

The Minister of State, Ministry of Justice (Mr. David Hanson): This is an important issue. My right hon. Friend the Secretary of State and I are committed to ensuring that violence in prisons is not tolerated in any form. Since 2004, every public sector prison has had in place a local violence strategy, and we have just jointly committed, with the Prison Officers Association, to a policy of zero tolerance of assaults on staff. I have a number of statistics that I will happily give to the hon. Gentleman following this Question Time, which show that overall, although assaults are still present, they are on a trajectory that is falling compared with the prison population. This is an important issue, and we want to work with the prison officers on it.

David Howarth (Cambridge) (LD): In his speech at the RSA yesterday, the Lord Chancellor prefaced some rather sensible remarks—about reducing reoffending rates and crime by putting what works first—with some frankly weird remarks about punishment for the sake of punishment. It was that part of his speech that he pre-released to the media. Does he not see that when he chases the headlines in that way, he undermines the case for putting what works first? It is not the offenders who suffer as a consequence of that, but the victims of the crimes that would have been prevented if we had been in a position to do more of what works.

Mr. Straw: The hon. Gentleman is entitled to his own view of my speech, but it is not the case that I was talking about punishment for the sake of punishment. I was drawing to the attention of my audience, and to that of those involved in criminal justice in the widest sense, that it is this Parliament, in one statute after another—not least in the principal sentencing statute, the Criminal Justice Act 2003—that sets out the punishment of the offender as the first principle of sentencing. We need to understand—perhaps the Liberal Democrats do not understand it—that that is what the public and the victims expect, although not in an unpleasant, nasty or inhumane way, as I made very clear. We need to ensure that the courts and everyone else associated with the criminal justice system use language that connects with where the public and the victims are. I went on to talk about the importance of reform alongside that.

Mrs. Ann Cryer (Keighley) (Lab): Is my right hon. Friend aware that many trade unionists are demonstrating and lobbying here today on the issue of recognising pleural plaques as an industrial disease? When will he take the decision on this matter, and why is it taking such a while?

Mr. Straw: I am indeed aware of today's lobby and demonstrations. I fully understand the concern of all who are here and the people they represent about the implications of the Law Lords' decision last October. The consultation that I initiated earlier this year closed three weeks ago. We have received more than 300 responses to it and we are currently assessing them. I hope to announce our response next month.

T6. [230401] **Mr. John Baron** (Billericay) (Con): May I press the Secretary of State to review the end of custody licence scheme as a matter of urgency? Since its introduction, nearly 800 crimes have been committed by offenders who should have been in prison. When it was introduced it was described as temporary, yet official prison population projections suggest that it will continue indefinitely. Will the right hon. Gentleman review the scheme, for the sake of the safety of the law-abiding majority?

Mr. Straw: I repeat what I said to the hon. Gentleman's colleagues earlier. It is a temporary measure. The release is for two and a half weeks, not four months, in advance of when the sentence is due to end in any event. As for prison population projections, the hon. Gentleman will know that these are, and always have been, imprecise. There are high, medium and low trajectories. What I am trying to do, working hard with my colleagues in the Department and the Prison Service, is to ensure that we have sufficient headroom to be able to end the scheme. Unfortunately, I cannot say at the moment exactly when that will be—I wish I could—but as soon as I judge it safe to do so, the scheme will be ended.

Sir Alan Beith (Berwick-upon-Tweed) (LD): What steps is the Secretary of State taking to discharge his duty to represent the Isle of Man Government in their dispute with the Icelandic Government over the failed

Kaupthing bank? Will he initiate wider discussions on whether loan assistance to the Isle of Man Government would enable depositors in that bank, including UK depositors, to get some of their money?

Mr. Straw: I have received no direct representations personally on behalf of the Isle of Man Government. I am aware, however, that there have been discussions between the Isle of Man Government and the Treasury.

Helen Southworth (Warrington, South) (Lab): Will my right hon. Friend confirm that no decision has yet been made on the site of a titan prison in the north-west? Will he take note that the Omega site in Warrington is one of regional economic significance and intended to create a business park, building up to 24,000 high-technology jobs, and is completely unsuitable to be a titan prison site?

Mr. Hanson: I am grateful to my hon. Friend for her question. She will know—we met and discussed the matter last week—that as of now, no decision has been taken on any titan site, whether it be in the north-west or any other part of England and Wales. We are committed to look for a site in the north-west, together with one in the south-east and one in the west midlands, but we will take the decision only after consideration of the results of the consultation on the titan programme that I recently announced.

T7. [230402] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): I noted the Secretary of State's comments on the early release scheme, but why are the Government continuing with the early release of violent offenders, including those who have committed domestic violence, without a substantial risk assessment or accommodation check before they are released?

Mr. Straw: I say again that there is a whole series of exclusions from the end of custody licence scheme, and they include serious violent and sexual offenders. I wish that no alleged reoffending had occurred by anyone released under the scheme, but the fact that the number is so low—1 per cent. of the total—indicates that those who made the assessments and constructed the scheme did as well overall as it was possible to do in the circumstances in which it was necessary to introduce it.

Mrs. Linda Riordan (Halifax) (Lab/Co-op): Will the Minister outline the Government's plans to change the policy of overcharging prisoners for phone calls to their families? All the evidence shows that if the calls were charged at the same rate as normal telephone calls, reoffending would fall considerably as a result of greater contact with offenders' families.

Mr. Hanson: My hon. Friend is right: contact with families is crucial. We are currently engaged in consultations and discussions with providers about the cost of telephone calls. As my hon. Friend will know, contracts are already in place, but I am looking into what steps can be taken at their conclusion to reduce the cost of calls further.

T8. [230404] **Miss Anne McIntosh** (Vale of York) (Con): What plans has the Secretary of State for Justice to revisit the sentencing guidelines dating from 2003, particularly those relating to aggravated offences of burglary and shoplifting, to ensure that the most stringent sentences can be given? He will be aware of the poignant case, reported today, in which a burglar used aggression and violence towards a pregnant lady and her young daughter. Although the judge wished to hand down a custodial sentence, the guidelines prevented him from doing so.

Mr. Straw: All the guidelines are kept under review, but the House will understand that I cannot comment on that particular case in any detail, for two reasons: first, it would be inappropriate in any event, and secondly, all the information that I have is from the newspaper report, which, although it may be entirely accurate, is bound to be selective. What I have done, however—I invite the House to do the same—is examine both the lead decision by the Court of Appeal in McInerney and Keating and the guidelines. The guidelines clearly allow the existence of a vulnerable victim, along with other circumstances that appear to parallel those mentioned in the report, to constitute an aggravating factor, and allow the issuing of a custodial sentence in such circumstances.

It is important for everyone to understand that these are guidelines. Courts can and do depart from them. When they do, there may be an appeal, but it is then for the Court of Appeal to make its own judgments. Nothing whatever in the guidelines could force a sentencer to make a decision against his or her own will and judgment if, having taken account of all the circumstances, he or she believed that there should be a departure from the guidelines. If there is any argument about that, it can safely be left to later decisions by the Court of Appeal criminal division—and I repeat that the guidelines themselves provide for aggravating factors, and explicitly define the existence of a vulnerable victim as an aggravating factor.

Speaker's Statement

3.27 pm

Mr. Speaker: I have a statement to make. I have looked into the matter that was raised by the hon. Member for New Forest, East (Dr. Lewis) on Thursday. The position is, as he said, that the licence for the use of loudhailers has run out, and I have caused that to be drawn to the attention of Westminster council.

As the hon. Gentleman also said, legislation governing this matter, and the powers needed by the police to ensure the proper functioning of Parliament, are still being considered. I would expect consultation by the Government with myself and with the House authorities. I hope that the concerns of Members, staff and others who come here—in terms of both access to the building and disturbance from noise—will have been duly taken into account when the legislative proposals are put before the House.

Gamma-Butyrolactone (Prohibition)

3.28 pm

Joan Ryan (Enfield, North) (Lab): I beg to move,

That leave be given to bring in a Bill to provide for the classification of gamma-butyrolactone as a Class C drug under the Misuse of Drugs Act 1971; and for connected purposes.

I know from conversations with the Roofie Foundation, Europe's only drug-assisted rape agency, that there are date rape victims in my constituency, and many other Members—indeed, far too many—will find that the same applies in their constituencies.

The Government have already taken firm action to tackle date rape. The Sexual Offences Act 2003 formally acknowledged it as a crime, and made it an offence punishable by up to 10 years in prison to administer any stupefying substance with the intent of overpowering the victim in order to engage him or her in sexual activity. Over the past few years, the Government have also outlawed the most commonly used date-rape drugs. I refer in particular to ketamine, Rohypnol and gamma-hydroxybutyric acid. I welcome that action, and urge the Government to continue in the same vein with gamma-butyrolactone, or GBL as it is more commonly known. GBL is an industrial solvent, and is a common component in cleaning products. Although it does have legitimate uses, it is increasingly being used to facilitate date rape, and as a recreational drug. In fact, as the Advisory Council on the Misuse of Drugs points out, there is evidence that it is precisely because GHB was outlawed that we have seen an increase in the use of GBL, with users switching to an almost identical, but entirely legal, alternative. Indeed, as GHB has already been banned and GBL turns into GHB on ingestion, there is already an a priori case for extending that ban to GBL.

The precise effects of GBL will, of course, vary according to the user and the dose taken, but it is likely to leave the victim confused, dazed, drowsy, and even unconscious, thereby rendering them incapable of resisting sexual advances. These effects may occur within as little as 15 minutes, and can last for up to 8 hours. It is also a popular choice of drug because it is so difficult to spot. When dissolved in soft drinks, beers and spirits, it is colourless, odourless, invisible and indiscernible in taste. GBL is undetectable in blood and urine after 10 to 12 hours. Not only is it, therefore, difficult for the victim to spot, but it is difficult to trace once the attack has taken place.

It is precisely because it is so difficult to prosecute for date rape and secure convictions that the law needs to be used to prevent drugs such as GBL from being available. At present, the police have no power to confiscate GBL, and clubs cannot say to a customer, "We know that liquid is illegal and we are calling the police". They can act only when an offence involving GBL has been committed, but, unfortunately, this is often too late—not only too late in terms of the chances of securing a conviction, but, more importantly, too late for the women themselves.

Although my remarks today will focus on the dangers of GBL when used in the commission of date rape, its use is by no means limited to that. It is also widely used as a recreational drug, particularly on the clubbing scene, where it is considered a kind of cheaper liquid

[Joan Ryan]

ecstasy. Although it can induce feelings of euphoria and disinhibition, its effects are most certainly not benign, and it has been implicated in two deaths in the past month alone. Such loss of life is avoidable, and if the Government are serious about tackling date rape, as I believe they have shown themselves to be, it is essential that this loophole is closed as a matter of urgency.

In fact, the Government accept that case. In 2006, the Home Office asked the Advisory Council on the Misuse of Drugs—the independent body whose role is to advise Government on drug control in the UK—to look into GBL, and its response was unambiguous: GBL should be brought under the control of the Misuse of Drugs Act 1971, and classified as a class C drug. Such a proposal, moreover, commands cross-party support; my Bill has sponsors from across the House. It also has the backing of the experts in this area; my Bill is supported by the Advisory Council on the Misuse of Drugs, the Roofie Foundation and nightclubs themselves. It also enjoys popular support, as evidenced by the number of people who have signed up to the petition launched by *Cosmopolitan* magazine. However, despite the recommendations of the Advisory Council on the Misuse of Drugs, two years on GBL is still perfectly legal.

The question therefore is not why GBL should be prohibited, but why GBL has not already been outlawed. My fear is that GHB and GBL are not only chemically similar, but that they will follow a similarly protracted route to prohibition. It was in the early 1990s that people first became aware of GHB, and in particular of its use in cases of date rape, but it was not outlawed until 2003; in other words, that took a decade, and a plethora of reports and consultations, all of which confirmed that GHB should be a controlled substance.

Two years have already passed since the Advisory Council on the Misuse of Drugs first recommended GBL's prohibition, and it is still perfectly legal to supply GBL. It is quick and straightforward and frighteningly easy to buy GBL, particularly online. In addition, as the recent report in *Cosmopolitan* highlighted, there are no checks or controls on its purchase. At £25 for 250 ml, it is also extremely cheap, with an active dose costing somewhere in the region of 8p. Meanwhile, an untold number of women are put at risk.

As I understand it, the principal obstacle blocking the prohibition of GBL is its legitimate use, particularly in the manufacturing and chemical industries. I do not seek to deny that GBL has legitimate uses, and I accept that it is widely used as an industrial solvent. What I find difficult to believe, however, is that an industrial solvent being sold in bottles of 250 ml to private citizens in central London, with same-day delivery, is actually being used for legitimate industrial purposes.

What needs to happen, and what my Bill provides for, is an end to the open market for GBL. At the moment anyone can buy it for any purpose, without having to specify that purpose. My Bill would make GBL a controlled substance under the 1971 Act, but that would not mean that it could not be used for legitimate purposes. All that would be required of those who needed GBL for legitimate purposes would be to make an application to the relevant authorities. The provisions for that are contained in the 1971 Act itself. That is precisely how GBL is managed in the United States, which has classified it as a schedule 1 drug without precipitating the collapse of its chemical industry. That GBL has legitimate uses is no excuse for inaction.

Yesterday, I spoke to a young woman, 22 years of age and a victim of these substances. Her drink was spiked and she suffered a 25-minute seizure. It was only thanks to the skill of the doctors and nurses who treated her that she survived at all. Her health is poor and she now needs to use a wheelchair. The consequences for her will last a lifetime.

The case for the prohibition of GBL is clear. It would protect women without putting unnecessary burdens on its legitimate use. I only hope that we address this problem now, before any more victims without redress are created.

Question put and agreed to.

Bill ordered to be brought in by Joan Ryan, Bob Spink, Mr. Elfyn Llwyd, Mr. Lee Scott, David Cairns, Mr. John Leech, Mr. Mike Hancock, Siobhain McDonagh, Liz Blackman and Julie Morgan.

GAMMA-BUTYROLACTONE (PROHIBITION)

Joan Ryan accordingly presented a Bill to provide for the classification of gamma-butyrolactone as a Class C drug under the Misuse of Drugs Act 1971; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 7 November, and to be printed [Bill 156].

Orders of the Day

Climate Change Bill [*Lords*]

As amended in the Public Bill Committee, considered.

New Clause 15

ADVICE ON EMISSIONS FROM INTERNATIONAL AVIATION AND INTERNATIONAL SHIPPING

'(1) It is the duty of the Committee to advise the Secretary of State on the consequences of treating emissions of targeted greenhouse gases from—

(a) international aviation, and

(b) international shipping,

as emissions from sources in the United Kingdom for the purposes of Part 1.

(2) The duty applies if and to the extent that regulations under section 29 do not provide for such emissions to be so treated.

(3) Advice given by the Committee under this section must also contain the reasons for that advice.

(4) The Committee must give its advice under this section—

(a) when it gives its advice under section 33 for the budgetary period 2023-2027, and

(b) when it gives its advice under that section for each subsequent budgetary period.

(5) The Committee must, at the time it gives its advice under this section to the Secretary of State, send a copy to the other national authorities.

(6) As soon as is reasonably practicable after giving its advice to the Secretary of State, the Committee must publish that advice in such manner as it considers appropriate.'.—*[Joan Ruddock.]*

Brought up, and read the First time.

3.48 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 14—*International aviation and shipping emissions*

'(1) The Secretary of State shall lay before Parliament a report including—

(a) a projection of the level of emissions he expects to arise from international aviation and shipping which are the result of UK economic activity,

(b) an explanation of the methodology used to make this emissions projection, and

(c) the way in which any carbon budgets have been adjusted to take account of such projections.

(2) When making the above projection, the Secretary of State shall have regard to international carbon reporting practice.

(3) The projection shall cover any year for which a carbon budget has been set, and may include any other years that the Secretary of State considers appropriate.'.

Amendment No. 68, in clause 10, page 6, line 26, at end insert—

'(i) the emission of greenhouse gases from international aviation or international shipping that the Secretary of State expects to arise during the budget period, as reported pursuant to section 15(5A).'.

Amendment No. 72, page 6, line 26, at end insert—

'(i) the emissions of greenhouse gases from international aviation or international shipping that the Secretary of State expects to arise during the budget period.'.

Amendment No. 69, in clause 27, page 15, line 24, at end insert—

'(5A) If emissions of a greenhouse gas from international aviation or international shipping are not required to be included in the statement by virtue of subsection (2), it must state the level of such emissions that the Secretary of State expects he will have to report in accordance with international carbon reporting practice for each budget period for which a budget has been set.'.

Government amendment No. 36.

Amendment No. 3, in clause 29, page 16, line 9, leave out out from 'Kingdom' to end of line 13.

Government amendments Nos. 42, 43 and 50.

Joan Ruddock: Before setting out my reasons for tabling the new clause, I should like to pay tribute to my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas), who led on all the earlier stages of the Bill, and my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, who led the discussions in Cabinet.

International aviation and shipping have long been contentious issues in relation to climate change and the subject of much Back-Bench interest, as illustrated by the huge support for the early-day motion tabled by my hon. Friend the Member for Edinburgh, South (Nigel Griffiths). The Government agree that action to reduce emissions from international aviation and shipping will be vital to global efforts to tackle climate change, which is why we are taking forward a range of measures to reduce the impact of international aviation and shipping on the environment.

Discussions on including international aviation and shipping in a post-2012 regime under the Kyoto principle have begun, and the UK is actively lobbying for support within the international community. Following pressure from the UK, legislation to include aviation in the European Union's emissions trading scheme has been signed off in Europe, and it is expected to save about 200 million tonnes of carbon dioxide by 2020. We are also working with the International Civil Aviation Organisation on international aviation and climate change to try to reach agreement on targets that will drive increased action on emissions in the aviation sector. We continue to press for an international emissions trading scheme for the maritime sector under the International Maritime Organisation.

The Government recognise the need to give serious consideration to how emissions from international aviation and shipping are approached in the Climate Change Bill. That is why we agreed to the approach proposed by the other place: that either those emissions should be included in the Bill's targets and budgets within five years of Royal Assent or an explanation should be laid before Parliament stating why that has not been done. I want to attach as much certainty and transparency as possible to this requirement, and amendment No. 36 would do exactly that. It would change the deadline for inclusion or explanation from within five years to 31 December 2012. That definite date is nearly a year sooner than what is currently provided for in the Bill. Furthermore, in response to the views of the shadow Committee on Climate Change, new clause 15 places a

[Joan Ruddock]

new duty on the committee to advise the Secretary of State on the consequences of including emissions from international aviation and emissions from international shipping in the targets and budgets. The committee would be required to provide that advice at the same time as it provides its advice on each carbon budget. That requirement would begin in 2011, when the committee advises on the level of the 2023 to 2027 budget, and would apply every time it advises on carbon budgets thereafter. The duty would remain in place to the extent that emissions from international aviation and shipping were not included within the Bill's targets. If emissions from international aviation were included in the future, the committee would still be under a duty to provide advice on international shipping emissions, but if, at some point, all emissions were included, the advice duty would no longer apply.

Mr. William Cash (Stone) (Con): Would the Minister care to comment on a problem that could easily arise if, on the one hand, the committee has a legal duty to give effect to the provisions that she has mentioned and, on the other, clause 6 gives the Secretary of State a power to amend in the light of European law? What would happen if European law said one thing and the committee, which had a duty to give advice to the Secretary of State, said another? Which would prevail?

Joan Ruddock: I know that the hon. Gentleman has some difficulty with European law, but I assure him that the committee would undoubtedly make proposals that would be consistent with European law.

Mr. John Gummer (Suffolk, Coastal) (Con): Could the Minister help the House by telling us what the Government are doing to further these discussions, particularly in respect of shipping? Some indication has been given, particularly by the Danes, that we might not have been as advanced as some other countries in trying to find a suitable way to handle the difficult issue of shipping emissions. Can she assure the House that the Government will lead on this matter? The UK is historically a shipping country, so we would like to see that happen.

Joan Ruddock: I agree with the right hon. Gentleman about how important it is for the UK to be in the lead. I do not know what the Danish opinion of us is, but there is competition between our countries at times, not least in respect of offshore wind. I understand that we have been very active in the International Maritime Organisation, that we have made proposals and that we have made funds available to assist in this process. We want to do our best, and I take the right hon. Gentleman's comments seriously.

I was explaining how the duty would cease to exist if all the emissions were included in an international agreement. The shadow committee has been considering this question in some depth. Lord Turner's recent letter to the Secretary of State gave his view that

"the scope of the Climate Change Bill should not be extended to include international aviation and shipping".

His reason was that it was

"not clear how international shipping emissions could be sensibly included in UK budgets".

He added that although

"there are methodologies that could sensibly allocate emissions to the UK level (e.g. bunker fuels), these differ from the methodology that has been proposed for entry of aviation into EU ETS. We do not believe that the EU ETS methodology is an appropriate basis for inclusion of international aviation in UK".

Mr. Mike Weir (Angus) (SNP): Did not Lord Turner also say that aviation and shipping should be included in the 80 per cent. target? If they are not to be included in the budget, how will that be reflected in the 80 per cent. target, and what will be the impact of that?

Joan Ruddock: The hon. Gentleman is correct in that Lord Turner made reference to the 80 per cent. target and to shipping and aviation emissions, but there has been considerable misunderstanding on this point. I will explain precisely what he has said and how we have responded positively to that.

Dr. Ian Gibson (Norwich, North) (Lab): Does the Minister agree that Lord Turner's assessment is for the short term and, as he goes on to say, we need to look at this important issue in the long term, as it needs a deliberate policy?

Joan Ruddock: It is apparent to all of us that we have to have short-term solutions and answers to the problems of climate change, and we also always have to plan for the long term. My hon. Friend is absolutely right about that.

John Hemming (Birmingham, Yardley) (LD): I am slightly confused about this issue. Last Monday, the Prime Minister said that we needed a constantly rising supply of oil, notwithstanding the use of renewables. Does the Minister have any idea of whether our oil consumption is expected to fall over time—whether or not aviation and shipping are included—and in which year would we first see a fall?

Joan Ruddock: I shall not speculate on the extraneous matters that the hon. Gentleman has raised.

The central point of what Lord Turner actually said was that policies are needed to constrain aviation and shipping emissions, but—despite these—it is unlikely that emissions in these sectors will be reduced by 80 per cent. in 2050. The consequence is that more effort is likely to be required from those sectors covered by the Bill. Government amendments Nos. 42, 43 and 50 are consequential to Government new clause 15, and ensure that appropriate references are made throughout the Bill to the proposed new clause.

Amendment No. 69 and new clause 14 would both require the Government to publish regular projections for emissions from international aviation and shipping. We already publish projections of future CO_2 emissions for international flights from UK airports and intend to continue to do so. The last reports were published in 2003, 2004 and 2007. I am happy to commit the Government to publish at least one forecast of international aviation emissions for each budgetary period sufficient to inform decisions on setting carbon budgets. Publishing projections of aviation emissions any more frequently would not deliver any benefits, as the long term drivers of the forecasts do not change significantly on an annual basis.

Steve Webb (Northavon) (LD): There is a danger that we will get caught up in technical minutiae and lose sight of the big picture. The Minister has just said that it is unlikely that we will be able to reduce aviation emissions by 80 per cent. by 2050, so because we will not get tough on aviation, the rest of the economy will have to take the hit on carbon. Surely it is time that policies such as the expansion of Stansted and Heathrow came to the top of the Government's agenda, as we might then stand a better chance.

4 pm

Joan Ruddock: The hon. Gentleman cannot accuse the Government of just ignoring the issue. As he must know, we have been very active within the EU in ensuring that those emissions become part of the European trading scheme. That is the way we will deal with those emissions in the first instance. We hope, in the long term, that we shall do so through some global agreement. As the hon. Gentleman knows perfectly well, if within a trading agreement some sectors are allowed to grow and as a consequence some cannot grow so much, that is a principle of trading. The cap that is set, which repeatedly goes down, will ensure that overall emissions are reduced. We have to have that in sight; it is the long-term goal. The bigger picture is to get an 80 per cent. reduction by 2050.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Do we have to be so pessimistic about the contribution that aviation could make to the trading scheme? In the foreseeable future, other technologies may come along. For example, Loughborough university is looking at a variety of ways of replacing aviation fuels. Will the Minister try to ensure that there is some flexibility to allow those technologies to come forward to help to reduce the figure for aviation?

Joan Ruddock: I was, of course, paraphrasing what Lord Turner had said. It was not my personal view that emissions from aviation might continue to grow and could not be reduced by 80 per cent. by 2050. We can be optimistic, can we not? My hon. Friend makes a good point—there is new technology and we are very supportive of that. We know that new aircraft are producing lower emissions than existing ones. Much can be done in that field, although I am sure that much more will eventually have to be done, too.

Jo Swinson (East Dunbartonshire) (LD): May I draw the Minister back to her remarks about the reporting on different sectors? She has mentioned the publication that the Government intend to produce on aviation emissions, but she has not so far said what publication will be produced on shipping emissions. Surely there is sometimes a danger that aviation is focused on as the real problem, when in fact emissions from shipping are considerable and are predicted to as much as treble by 2050 if left unchecked.

Joan Ruddock: I understand the hon. Lady's point, and I shall come on to that eventually. The reason why aviation gets so much attention is that most of us have direct experience of flying, while fewer of us have experience of shipping. I shall explain what we are doing about shipping, too.

Mr. Tim Yeo (South Suffolk) (Con): The Climate Change Bill has been used as an example of British leadership in the field of climate change, and quite rightly so. Britain is a leading maritime nation, too. I believe that the shipping industry is also looking for a lead from the British Government, which at the moment it is not getting. Ships being ordered today have a 30-year life, so that takes us three quarters of the way to 2050. If there is no sign of urgency about the inclusion of maritime emissions in the British Government's approach, that will be an unfortunate missed opportunity. The Chamber of Shipping gave evidence to the Select Committee on Environmental Audit this morning and made the point that its members are looking to the Government for some suggestions about how maritime emissions might be counted and included.

Joan Ruddock: Obviously, the hon. Gentleman has an advantage over me in that he was present in his Committee meeting this morning and I was not. However, we will investigate all options for reducing emissions from international and domestic shipping. That includes considering improved technology and better operator practices, which, as I am sure he is aware, can make a considerable difference. We also support the development of a global emissions trading scheme through the International Maritime Organisation. We have said clearly that should progress within the IMO prove too slow, we will consider other options, including those proposed at an EU level, to reduce greenhouse gas emissions from ships. That includes investigating the feasibility of including shipping emissions in the EU ETS. We are not at all inactive on those issues, but the fact is that they are extremely difficult to deal with.

Bob Spink (Castle Point) (UKIP): Let me take the Minister back to a technical minutia. Is she convinced that the methodologies for measuring emissions, particularly on the international scale, will be robust enough in the longer term?

Joan Ruddock: I am sure the hon. Gentleman may know a little more about the technical minutiae of this matter than I do, but the Government are very conscious of the problem. We are always in discussions and seeking to improve the methodologies, but the fact that there is no agreed methodology at the moment means that we would face difficulties if we followed some of the amendments and simply included the present levels of emissions.

Dr. Gavin Strang (Edinburgh, East) (Lab): I am grateful to my hon. Friend for giving way, and the whole House will welcome the direction in which the Government are moving on this matter. I was interested to hear her say that the reason for the much greater focus on aviation than on shipping was that we tend to fly. That may be true, but it had never occurred to me. Does she agree that we in this country are still making far too many short flights—for example, from Edinburgh to Manchester? Clearly, the way forward must be to put much more investment into the railway, and to ensure—not necessarily through taxation, but by some other means—that there are not so many flights over short distances within the UK.

Joan Ruddock: I have, dare I say it, some sympathy with what my right hon. Friend says. The Department for Transport is developing a climate change strategy of its own and, as I said earlier, we are clear that a growth in emissions in one sector of the economy will eventually have to result in more emission reductions elsewhere. If we get to the point where all journeys are included, that mechanism will have an effect. Furthermore, all domestic flights are already included in our emissions calculations.

David Howarth (Cambridge) (LD): The Minister said that there was no agreed methodology, and that has been the argument all along, right back to the Joint Committee that considered the draft Bill. However, does she agree that any methodology that we adopt, even unilaterally, is sure to be closer to the end result than doing nothing would be? If we adopt a reasonable methodology now, we will have a smaller adjustment to make in the future.

Joan Ruddock: If I were allowed to make some progress with my speech, I might be able to make the counter-argument. However, I do not accept the hon. Gentleman's point because, although we could adopt a methodology now, it might have various undesirable effects, not least in the international negotiations.

Mr. Graham Stuart (Beverley and Holderness) (Con): I am grateful to the Minister for giving way; she has been extremely generous. Will she share with the House what she expects the cumulative impact of aviation and shipping emissions to be between now and 2050, as currently measured by the Government? She will know that, in any long-term policy to reduce emissions, the important thing is the cumulative budget between now and then. What amounts are we talking about, and what share would they take of the overall budget allowed for the UK?

Joan Ruddock: I think I would be very unwise to answer that question directly. I am sure I could find some projections, but the amounts involved are a long way ahead and will depend on global agreements, if we get them, and on emissions trading. We cannot honestly predict the extent to which aviation might or might not grow, as that will depend on the decisions that will be taken—here, in the whole of Europe and, I hope, globally. I might be able to produce a figure for the hon. Gentleman, but I am not sure that it would advance any of the arguments that are being made.

Mr. John Redwood (Wokingham) (Con): When the Government came to office, they inherited a fairly easy win on the Kyoto targets with the dash for gas from power generation. They strengthened their target, but why did they fail to hit that strengthened target?

Joan Ruddock: At the time, we made a prediction about what would happen to our economy, which in fact has since grown massively—

Martin Horwood (Cheltenham) (LD): Not now.

Joan Ruddock: Of course, we are currently in some difficulties, but we have been able to grow our economy massively over the period to which the right hon. Member for Wokingham (Mr. Redwood) alludes. At the same time, we have reduced our emissions to such an extent that not only will we meet our Kyoto commitments but we will do so more than twice over. That shows that this Government have done rather well in this particular field.

Justine Greening (Putney) (Con) *rose—*

Joan Ruddock: I will give way, and then I will make some progress.

Justine Greening: I am grateful to the Minister for giving way. Will she clarify how the Government will track emissions? As she knows, an important decision on Heathrow is coming up. According to the Government, the emissions associated with that policy will include emissions only from outgoing flights, not from incoming flights. Common sense should tell us that extra incoming flights would not be able to land if the airport were not expanded. Will she accept that what is important in Government policy is the decisionable part of emissions? How will she approach issues such as Heathrow? In such cases, if emissions are not calculated correctly, we will take the wrong decision.

Joan Ruddock: As the hon. Lady will know, a decision has not yet been taken on Heathrow. When I continue with my speech, I will make it very clear how we are approaching the issue of emissions. I will also make it clear that if emissions are contained within the EU trading process, for example, the cap will determine what the emissions are and how the matter will be dealt with. If she will let me continue, our position will become much clearer.

To answer an earlier question, there are currently no UK Government forecasts of emissions from UK international shipping. The nature of the shipping industry makes recording shipping emissions particularly difficult, and there are a number of data constraints. The Government continue to seek improvements to the evidence base on international shipping emissions, principally through our role at the IMO. I therefore cannot accept amendment No. 69 or new clause 14, but I hope that the House will accept my firm commitment that we will continue to publish our projections on aviation emissions regularly.

Amendments Nos. 68 and 72 would require the Government and the Committee on Climate Change to take into account projected greenhouse gas emissions from international aviation and shipping when making any decisions relating to carbon budgets; that answers an earlier question. Amendment No. 68 makes specific reference to the projections that would be required by amendment No. 69. As I have explained, we do not agree that it is right to legislate for the publication of those projections.

However, I am pleased to say that we can accept amendment No. 72 in the name of my right hon. Friend the Member for Scunthorpe (Mr. Morley). The Government believe that when setting or advising on budgets, due regard should be given to emissions from international aviation and shipping; my right hon. Friend and the shadow Committee on Climate Change have made that clear. We are saying that we will have due regard to emissions from aviation and shipping, as the Committee recommended, but we cannot account for them domestically at present. There are a few technical problems with amendment No. 72; for example, it refers to "budget"

rather than budgetary periods, and refers not to the Committee on Climate Change, but only to the Secretary of State. It does not refer to "targeted" greenhouse gases, which is how such gases are defined in the Bill. The Government will therefore return, before final consideration in the Lords, with a version of the amendment that has benefited from parliamentary counsel's redrafting; I hope that all parties can agree to that.

Amendment No. 3 would simply require emissions from international aviation and shipping to be included in the Bill's targets and budgets within five years of Royal Assent. That would have to be done, and nothing else could be done. We all agree that we are talking about global issues, and that a global solution would be the best way forward; I hope that I have made that clear. Such a solution would be much more difficult if we had a domestic deadline for deciding what the UK's fair share was. It is possible for us to reach international agreement, through the United Nations framework convention on climate change, the IMO or the International Civil Aviation Organisation, that the best way to deal with international aviation or shipping emissions is through a sectoral approach, rather than through allocating such emissions to individual countries. In fact, that is one of the approaches already under discussion. The point is about methodologies. We could end up with a completely different proposal, so it would not be appropriate for us to make a unilateral decision. Indeed, we are already starting to see such an approach at EU level, where it is likely that under the EU emissions trading scheme, aviation emissions will be allocated to airlines rather than to individual member states.

David Howarth: I thank the Minister for giving way, perhaps at the right part of her speech now. If we in the UK take the lead, will we not shape the international debate and push the final solution of the problem to a position closer to what is in our interests, rather than in other countries' interests, whereas if we leave the negotiations to others we will not do that?

Joan Ruddock: I have to tell the hon. Gentleman that there is no question of our leaving the negotiations to others. We are right there in the forefront of the negotiations. It is the UK Government who pushed for the inclusion of international aviation and shipping emissions in the EU trading scheme. We succeeded in persuading other member states that that should be done, and it will be done. Adopting a measure in the Bill that could be completely out of line, as the amendments suggest, with what we are negotiating in Europe is obviously the wrong thing to do.

The questions concerning shipping emissions are even more complex. If we were to include shipping emissions in any of the existing agreements or future agreements such as global agreements, we would have even more problems than we clearly have with airlines. I have outlined how we might deal with aviation through the European trading scheme, but the difficulty with ships is that they can go for many weeks without refuelling, and can take on fuel from tankers in international waters. If we based our calculations only on fuel that has been sold in the UK, it would appear that shipping emissions declined over the past 10 years and then began to rise again. However, we know that that is not the case. We know that shipping has continued to increase, so we must assume that emissions have increased as well. Clearly, relying on bunker fuels is not the answer.

4.15 pm

Mr. Gummer: I am sympathetic to the concept that the Minister advances: that her hands should not be tied by writing into the Bill of answers that may well be the opposite of what will be in our interests or in the interests of reducing emissions. Does she agree, however, that the concomitant is that the Government must be extremely loud about the negotiations, making sure that people realise that we are taking the lead and that there is no excuse for delay on this front? Shipping is hugely important to the United Kingdom and hugely important if we are to do something about emissions.

Joan Ruddock: The right hon. Gentleman is correct. We want to remain in the forefront and I am sure he will keep us up to the mark.

Finally, and especially if we are acting alone, there is the risk of perverse impacts, such as planes and ships filling up elsewhere and coming to the UK with a heavier fuel load, of air traffic simply diverting from Heathrow to Amsterdam or Paris, or of some ships with UK-bound cargo diverting to a continental port from where the cargo is delivered to the UK by another ship or another mode of transport. All those scenarios could increase emissions, rather than reduce them.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Can the hon. Lady assure us that despite her distinguished lifetime career advocating unilateralism, nothing in the measure will unilaterally hamstring our aviation or maritime industries if other countries do not follow suit?

Joan Ruddock: I have just explained the complexity of including shipping emissions, whether unilaterally or within the EU emissions trading scheme. There are real difficulties. I gave the example of the calculations based on bunker fuels purchased in the UK and the fact that they gave a totally incorrect reading of what has been happening to UK shipping. The right hon. Gentleman should understand the complexity of the matter. It has to be sorted out and we have to find a way forward. That means that it is not sensible to adopt a measure today on our own behalf.

As I have said, we need a flexible approach to the evolving international context. I hope people understand that we are anxious to make progress on international aviation and shipping emissions, but we need to do that first in a European context and then in the global context. We will do what we can to take account of the necessary factors. I hope that amendment No. 3 will not be pressed to a Division.

Gregory Barker (Bexhill and Battle) (Con): We warmly welcome the Government's change of heart and measured response in including emissions from international aviation and shipping in the Bill. We support new clause 15 and its accompanying amendments Nos. 36, 42, 43 and 50, which I understand are important tidying measures. Although we also recognise the real and practical difficulties, which the Minister has explained, of including aviation and shipping and although we acknowledge

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the danger of perverse incentives if we get the issue wrong, we think it right that aviation and shipping are included.

Conservative Front Benchers have consistently argued that aviation and shipping should not be exempt from accounting for the pollution for which their sectors are responsible. Furthermore, as the Minister said, not including aviation in the Bill would have perverse incentives. For example, it would incentivise an individual passenger, from a carbon point of view, to take a short-haul flight to Paris rather than the Eurostar. That cannot be right.

We should also be mindful of the positive way in which the shipping sector and certain responsible airlines have contributed to the debate: they have made important and constructive suggestions on the way forward. We must not forget that shipping is among the most carbon-efficient forms of heavy transport. Sea freight emits between 30 g and 90 g of CO_2 per tonne of freight per kilometre, whereas the equivalent figure for road freight is between 130g and 190g, and that for aviation is obviously much, much more.

We must therefore be cautious about always twinning aviation and shipping in this debate, as their carbon efficiency profiles contrast and they face different challenges specific to their sectors. We all acknowledge that there are difficulties with the measurement and apportionment of these emissions. However, it is important that we do not allow such issues of methodology, complex as they are, to let us lose sight of the principal aim of the Bill: to achieve a net reduction in emissions across the whole UK economy in sufficient proportion for us to play our fair part in keeping man-made global warming below the dangerous 2° level.

The necessity of eventually including all sectors of our economy in that task was reconfirmed to us earlier this month by the advice of Lord Adair Turner's Committee on Climate Change. Mindful of that advice, we are sympathetic to amendments Nos. 68 and 69, tabled by the hon. Member for Edinburgh, South (Nigel Griffiths). We are also sympathetic to amendment No. 3 and new clause 14, tabled by the hon. Member for Northavon (Steve Webb).

Methodology is crucial, so the Government need to publish their methodology for making their aviation and shipping emission projections, as would be required by new clause 14. That is particularly important to us. We welcome the announcement just now that the Government have taken on board the intent embodied in amendment No. 72. The right hon. Member for Scunthorpe (Mr. Morley) has done a great deal of work: he has campaigned outside the House and brought together a large consensus on the measure. We welcome the fact that the Government are prepared to take the issue on board and, having redrafted it with the help of parliamentary counsel, bring it back to the House of Lords. That is typical of the spirit in which the Bill has gone through the House.

Having made our support for this proposal clear, I should like to sound a note of caution regarding the definition of aviation and shipping that the Government have chosen. Although we welcome the fact that they intend to include emissions from aviation and shipping, the measurement of emissions from the movement of goods and passengers should account for all stages of the journey rather than merely singling out the carbon footprint of flights and sea journeys to and from the United Kingdom. In that way, we could avoid unintended consequences such as encouraging more polluting methods of travel outside the UK. My party is committed to working with the Government in their efforts to secure the all-important international agreements on aviation and shipping emissions that are crucial if we are to crack this problem.

The Bill has come a long way since it was first introduced in another place last year. Now, on Report, one of the last outstanding totemic issues is finally being dealt with. If we can come to an agreement on this, it will turn the Bill from good legislation into world-class legislation. However, the caveats on definitions that Conservative Members spoke about at length in Committee and in the other place still remain. Although we are concerned about the definition of aviation and shipping, rather than our chosen definition of international trade and transport, we are not opposed to including aviation and shipping in the carbon budgets from the outset. Our concern is rooted in our wish to ensure that we do not, through well-meaning but poorly designed legislation, offer a perverse incentive to use more carbon-intensive modes of transport, such as road freight, over the more efficient moving of goods by sea. For example, if shipping becomes heavily regulated, particularly unilaterally, there might be an incentive for ships to dock at Rotterdam—or worse still, Istanbul—and then drive across the continent to enter this country via the channel tunnel. That is why we argued in Committee for aviation and shipping to be described as international trade and transport. We wish to prevent any system of measurement from being skewed in favour of more carbon-intensive methods of transport, which could happen if shipping and aviation are included without reference to other modes of transportation.

Let me give some practical examples. If one were importing oranges from Spain into the UK and sent them over on lorries, only the short leg of the journey, by ferry, would be included in the UK's carbon allowance. If one sent them by sea, the whole journey would be counted, making transporting oranges from Spain by sea far more carbon-expensive. That would create a significant incentive for the use of road freight over sea freight, despite its being many times more carbon-intensive. If national-level emissions trading schemes were in existence through the transit states, the disincentive to use road freight would be strong enough to deter that, but if we introduced our system before some or all of our neighbouring European transit states, Britain would perversely incentivise the movement of goods away from direct shipping and towards the more polluting form of road transport. Similarly, when importing goods from China, the best way in terms of cost and the environment is for the container to be shipped directly to the UK. If we define only aviation and shipping without reference to other means of importing goods, that could mean it would make economic sense to ship goods only as far as Rotterdam and then move them by lorry into the UK in order to minimise the amount of carbon officially being counted.

I hope I have made the point sufficiently clear without sounding as though we are opposed to the inclusion of aviation and shipping, as per the amendment, but it is very important. We are in favour of these measures, and

we have always argued that there should be no sectoral exemptions for aviation and shipping, but the definition of the process can still be improved. We would be keen to work closely with the Government on establishing a means of description that is more effective and would secure the international agreements on aviation and shipping that are vital if we are to find a truly holistic solution to this very important international problem.

Mr. Redwood: Is my hon. Friend saying he is worried that the Government have not done enough work on possible dispersion of industry and activity out of the UK and into other centres? That would seem to be an own goal of the worst kind because it would not reduce carbon output, but it would reduce the number of jobs.

Gregory Barker: That is a far more concise way of putting the rather laboured argument that I was trying to make from the Dispatch Box.

This is a complex area. It is not beyond our ken to crack it, and some very sensible points have been made from colleagues on the Opposition Benches about the unintended consequences of including aviation and shipping. We do not want to lose sight of the principal aim of including those sectors in a way that makes them responsible for their own carbon pollution, but my right hon. Friend is absolutely right, and with his experience as a former Secretary of State and from his considerable business career he is well placed to understand the complexities and dangers that could be posed to our competitive position. That should not, however, prevent us from offering to work constructively with the Government on the matter; if they unable to do it, an incoming Conservative Government would certainly want to work closely with the aviation and shipping industry to ensure that a satisfactory answer was reached in order to allow carbon measurements to be made, but in a way that did not harm unduly our international competitive position.

4.30 pm

John Hemming: I am a little confused by the Prime Minister saying that we need an ever-increasing supply of oil. Does the hon. Gentleman believe that as a result of the Bill there will be a reduction in the amount of crude oil used by this country?

Gregory Barker: I do not think there is going to be an immediate reduction in the amount of crude oil used as a result of this Bill, because the Bill is simply a framework. It is a form of regulating and auditing our emissions; it sets targets. What we need to follow the Bill is a really ambitious transformational set of policies, which will allow an incoming Conservative Government to effect the sort of dynamic changes that have been so absent during the past 10 years, but without harming our international competitive position. The big danger of the Bill is that people place too much emphasis on the targets and auditing mechanisms contained in it, which are then mistaken for policies that will deliver the transformation to a low-carbon economy that is imperative. We will not find them in the Energy Bill. A whole range of policies are sadly lacking from this Government, but would not be lacking from an incoming Conservative Administration.

Mr. Elliot Morley (Scunthorpe) (Lab): I warmly welcome the contribution to the debate made by my hon. Friend the Under-Secretary, particularly her acceptance of amendment No. 72, which stands in my name. I would like to emphasise that it is in my name only because it was tabled very late, and I want to pay tribute to my hon. Friend the Member for Edinburgh, South (Nigel Griffiths), who has been very active in this matter. I am pleased to support the amendments that stand in his name and those of many hon. Friends, many of whom are present.

My hon. Friend the Under-Secretary knows that the issue we are discussing is of key interest to many members of the public and non-governmental organisations, and I agree with the hon. Member for Bexhill and Battle (Gregory Barker) that the improvements to the Bill and the scrutiny as it has gone through the parliamentary process have turned it into a piece of world-class legislation that gives a strong international lead. By accepting the amendment to take aviation and shipping into account, the Bill will send a clear signal internationally that including such emissions is the way that we have to go.

I accept that there has also to be international agreement on the matter. It was a great failing of the original Kyoto protocol that the bunker fuel agreement was not included. We all know the reasons for that—it was not possible to get international agreement, particularly given the resistance from the United States and others. We all know that whatever the outcome of the forthcoming elections in the US there will be a change of position, and I hope that that transfers to including aviation and shipping in the post-Kyoto 2012 framework, as we must. The European Union emissions trading scheme helps in that respect, and it may drive that change.

I would confirm what my hon. Friend the Under-Secretary said: the agreement on including aviation was reached under the UK presidency of the EU. It was a British initiative and a British priority. The UK presidency managed to get that agreement, which I believe to be so important. I also understand the point that the hon. Member for Bexhill and Battle made about perverse incentives, although the logic of that is to include all sectors of the economy—at some point, surface transport must be included in the EU ETS—but those are matters for future negotiation.

I reinforce the point that many groups are pleased about this. I acknowledge the contribution of the Friends of the Earth Big Ask campaign, which included the two key elements: the 80 per cent. target, which has been conceded, and the inclusion of aviation and shipping, which is being conceded tonight. That will strengthen the Bill; the two issues are vital.

Mr. Nick Hurd (Ruislip-Northwood) (Con): I congratulate the right hon. Gentleman on his amendment, which I support in principle. I note that the Government are minded to accept it, so I press him to define a little more tightly or expand a little on what he understands by "taken into account"?

Mr. Morley: There must be provision and planning, as there are for the 2012 time limit, to ensure that aviation and shipping are taken into account and included in carbon budgets. Lord Turner's committee acknowledged that, although he recognised the current difficulties with agreeing international methodology and getting

[Mr. Morley]

international agreements. It is imperative to achieve those and I hope that that will happen by 2009, when the all-important forum of the United Nations climate change convention at Copenhagen takes place. To fail to secure international agreement would be a global disaster. However, including such elements in the Bill demonstrates that the Government are serious about the matter. They are giving a clear lead to the rest of the world that those elements must be included if we are to move to a low-carbon future.

Steve Webb: Although we welcome the new clause and the Government's acceptance of the spirit of amendment No. 72, which the right hon. Member for Scunthorpe (Mr. Morley) tabled, we remain concerned that the guarantees that the nation—and, indeed, the planet—seeks from the British Government about aviation and shipping are not firm enough. Although we may have confidence in the Under-Secretary and the new Secretary of State—any Secretary of State whose first act is to add his name to a Liberal Democrat amendment cannot be all bad—what about their heirs and successors? Can we be confident that future Secretaries of State, who are perhaps not so committed, will be bound by the amendments? We contend that they will not and that, in addition to the new clause, we need new clause 14. We welcome the supportive comments of the hon. Member for Bexhill and Battle (Gregory Barker) about new clause 14, on which I suspect we will test the opinion of the House later.

We are concerned about new clause 15 because of its advisory nature. "Advise" or "advice" appear nine times in it—it is an entirely advisory clause. That would be fine if the Government were bound by the advice but, by definition, one is not bound by advice. Amendment No. 3 would remove the opt-out. The Government have the option after five years of saying, "This is all terribly difficult—we're not going to do it." Our worry is that aviation and shipping are so important that, if five years of the best brains around the globe getting together cannot crack the problem, we are genuinely in trouble. We do not want to give the Government the option after five years of slipping out a written statement on the last day of a parliamentary Session to claim that they had tried hard but could not include aviation and shipping because it was too difficult. There is not enough of a guarantee that those matters will be taken into account.

Although I am beginning to understand the theology of such issues, I cannot understand why the new clause and amendment No. 72, as redrafted, guarantee anything. They are a nudge and a wink and a hint from a well-disposed Secretary of State and Under-Secretary, but they guarantee nothing, especially when Ministers change and others may not be so committed. We therefore need to beef up those amendments.

New clause 14 states that the Government need to provide projections on aviation and shipping. We welcome the Minister's assurance that the projections on aviation will be forthcoming and updated, but simply saying that shipping is too difficult, which is essentially the position, is inadequate. We need to resolve those difficulties. We need an approximation to the best guess, and doing that is not a science; it is an art. However, as my hon. Friend the Member for Cambridge (David Howarth) said, doing nothing is likely to be an awful lot further away from the optimal solution than having an approximation, an imputation or an assumption.

Our second concern is about the role of national leadership. I fully accept that in time everything will need to be done multilaterally, but we are not playing a game in which we cannot make a move until everybody else has moved. We are talking about a vital issue on which we need to lead by example and bring others with us. If we say, "We're not going to include these things until everybody else does or until we've decided altogether how to do it", the clock will be ticking in the meantime. That is our profound concern.

John Hemming: Will my hon. Friend give way?

Steve Webb: If it is about oil, no. *[Laughter.]* Of course I will give way.

John Hemming: I thank my hon. Friend for giving way to my standard question about oil. Last week the Prime Minister said that we needed an ever-increasing supply of oil, which confused me in the light of our objective of having a low-carbon economy, because burning oil creates carbon dioxide and water primarily. Will my hon. Friend share his views on whether we can satisfy the objectives of the Bill, with or without the inclusion of aviation and shipping, while having an ever-increasing supply of oil?

Steve Webb: I am most grateful to my hon. Friend for that helpful intervention. From our perspective we need to get on with decarbonising the economy. The goal of an ever-increasing supply of oil is literally nonsense and should certainly not be an aim of Government policy.

The point that I made in an intervention on the Minister is that it might be great that the Department of Energy and Climate Change sets such bold targets, but as long as the Department for Transport, for example, continues to act as if it were a wholly owned subsidiary of BAA, we will not achieve what we need to. It is vital to bring aviation and shipping within the scope of the Bill, so that the other bits of Government, which are perhaps not quite as well disposed towards tackling climate change as the Department of Energy and Climate Change is, are brought into line. The sooner we do that, the smaller the chance that irreversible decisions will be taken on airport expansion—decisions that would undermine the goal that we all share of tackling climate change effectively.

We welcome new clause 15 and the advice that will be forthcoming, but we simply do not believe that it goes far enough. In addition, we need the projections provided for in our new clause 14 and a calculation of what that means for non-aviation and shipping carbon emissions. The Minister's view seems to be that the rest of the economy can just take the hit, because as long as the grand total is okay, we are all happy. However, the rest of the economy might have a view on taking more of a hit than aviation and shipping simply because aviation and shipping were not included in the budgets.

There is an equity issue, too. We might have a view, for example, on how fair it is to expect manufacturing to take the entire hit because aviation and shipping have been allowed to run away with their emissions. There is

an equity issue to do with the balance of reducing emissions, not only at household level but between different sectors of the economy. Favourable treatment towards one sector, which would be likely if we did not bring it within the Bill, is undesirable for us all.

Mr. Hurd: The hon. Gentleman started his speech with the premise that the Bill places no absolute requirement on the Government to include aviation and shipping in the budgets or the targets. That is correct, but I have struggled to follow how his new clause 14 would change that. I can see that it might improve the transparency of some of the information going into the mix, but it does not change the basic premise of his argument, does it?

Steve Webb: As the hon. Gentleman rightly says, our new clause 14 would require projections on aviation and shipping that would otherwise not be made, which would deliver an impact assessment on the rest of the economy. As he knows, our concern is about the actions of future Governments. The consequence of our proposal would be for other sectors of the economy to exert more pressure to include aviation and shipping, because it would be much more transparent that they would take the hit. That would be an indirect way of bringing pressure on future Governments not to neglect the other sectors of the economy.

Mr. Graham Stuart: Does the hon. Gentleman's point about the impact of aviation and shipping not show the absurdity at the heart of the Bill? Independent studies show that a 75 per cent. increase in emissions from shipping is expected in the next 15 to 20 years and that emissions from shipping already constitute more than double those from aviation globally. The fact that we are introducing an 80 per cent. reduction today while critical elements of delivering it are not within the power of the Secretary of State shows that we are posturing and not really putting down legally enforceable limits on emissions. In the meantime, we are failing to take the practical actions that could be taken to deliver emissions changes today.

Steve Webb: I partly agree with the hon. Gentleman, in the sense that we certainly need a legal framework and practical, urgent action now. His point highlights the fact that the Government's approach to aviation and shipping is almost one of "predict and provide". They are almost saying, "We will let that rip, and then we will pick up the pieces in the rest of the economy." That is why we cannot go on risking excluding those elements.

We are sure that the Government's intentions are good, but we do not believe that even this Government—and certainly not future Governments—will be bound by what is in new clause 15 or amendment No. 72. We are therefore seeking to add new clause 14 to the Bill.

4.45 pm

Dr. Strang: I think that the whole House welcomes the movement by the Government in this area. I congratulate the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock), and I particularly welcome the fact that the Government are accepting the amendment tabled in the name of my right hon. Friend the Member for Scunthorpe (Mr. Morley).

My hon. Friend the Minister rightly referred to the important interim advice from the Committee on Climate Change in the letter earlier this month to the Secretary of State of the new Department from the Committee's chairman, Lord Adair Turner. I want to highlight two or three important sentences in the letter. The advice provides the basis for the Government's movement, but it should also send an important message to Parliament and the Government about the decisive action that we need to take on this issue in the coming years. As we all know, the important recommendations were that the target for the reduction in emissions covered by the Bill—between 1990 and 2050, which is quite a long way ahead—should be 80 per cent., and that the target should include international aviation and shipping.

In an important point in the letter, Lord Turner explains the reasons for the change. He sets out what has changed since the report from the historic royal commission on environmental pollution in 2000, which is where the original 60 per cent. target came from. He lists six things that have changed, but I shall not refer to all of them today. However, I want to quote one of them. By way of an introduction to that, I want to point out that he suggests that

"the dangers of significant climate change are greater than previously assessed which argues for larger global, and thus UK, reductions."

He makes six points, and in point No. 5, he states that

"there is now a greater understanding of the range of potential climate change impacts, their regional variation and the possibility of abrupt or irreversible changes. These analyses also suggest greater damages once temperature increases become significant."

John Hemming: I should like to ask the right hon. Gentleman my usual question. If we are going to reduce carbon emissions, why do we need a constantly increasing supply of oil?

Dr. Strang: The important thing is the demand for oil. We must use less oil; that is not in dispute. Obviously, we want to use less oil, and fewer fossil fuels. I do not quite grasp the hon. Gentleman's point—

John Hemming *rose*—

Dr. Strang: I am not going to give way again, because many people who have served on the Public Bill Committee want to take part in the debate. However, we are not going to stop using oil in the next few years—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the right hon. Gentleman, but I must remind him that this group of amendments is to do with shipping and aviation. An opportunity for more general comments about the targets for the reduction of emissions will crop up at a later point on the Order Paper.

Dr. Strang: I am grateful to you for that advice, Mr. Deputy Speaker.

Mr. Lilley: On a point of order, Mr. Deputy Speaker. Can you assure us that we will have an opportunity to debate the Third Reading of the Bill, and to raise the more general points that the right hon. Gentleman has tried to raise, and which many of us would like to discuss, in the course of assessing some of the new clauses, particularly in relation to their cost effectiveness?

Mr. Deputy Speaker: I think that the right hon. Gentleman knows that I cannot give any such assurance. The progress that is made on dealing with the amendments that have been selected by Mr. Speaker depends entirely on the House, so I am afraid that I cannot give any such assurance. However, I have to rule on the relevance of any remarks made to the particular group of amendments under discussion.

Dr. Strang: I am grateful, Mr. Deputy Speaker.

The crucial issue is the global temperature rise that the world has to avoid. There, of course, international aviation and shipping are highly important. Significant observations have been made to the effect that it is not easy to deal with these issues. I was a Cabinet Minister in the Transport Department when we were elected in 1997. The big thing that I grasped very quickly was that aviation was international. It was international organisations such as IATA—the International Air Transport Association—that had to be dealt with. International shipping is, of course, also important.

Mr. Gummer: It seems to me that the Government should be congratulated on proposing these new clauses. We Opposition Members are very pleased to support them. It also seems to me that the Government are in a difficult position. On the one hand, they cannot build into the Bill a unilateral system that might be wholly different from what emerges from negotiation. That is a perfectly reasonable Government position, but if it is to be tenable, the Government must give the House—not just now, but throughout the coming months and years—a real understanding of their commitment to doing the things that will make a reality of these new clauses.

John Hemming *rose—*

Mr. Gummer: I think I will leave the issue of oil alone, as it has been somewhat widely discussed but is not entirely germane, Mr. Deputy Speaker, to the issues that concern us at this moment.

The Government need to give us the confidence to support them by being much tougher about what they intend to do in practical terms about these issues. First, it is obviously true that we need an internationally agreed system of measurement. In that, the Government need to be particularly attentive, so that we can all make a proper assessment of how successful we, along with other nations, are in reducing emissions.

Secondly, it is terribly important to recognise that we cannot do these things except in common with our neighbours. I thought that the intervention on the subject of European law by my hon. Friend the Member for Stone (Mr. Cash), who is no longer in his place, was outside the issue. If we do not do this on a European basis, there is simply no chance of doing it effectively at all. We need to recognise that the environment is not something that can be nationalised—it seems about the only thing that is not being nationalised at the moment, but it cannot be: we must do this on a European basis. It is an obvious fact of life.

Thirdly, if we are to proceed on a wider basis, I want to underline the points raised earlier about the danger of making things worse by accident. We know of many issues at the moment—the much-vaunted efforts for biofuels in the United States, for example—that have distorted the international situation very severely indeed. We have to be very careful that we do not do the same. The problem is that, in being careful, we must not put ourselves into a position of excusing not doing anything by saying how difficult it is to do. That is the issue that I want to press on the Minister.

If the Minister had come before the House to announce that there would be no third runway at Heathrow and that the ridiculous proposal to expand Stansted would not, in fact, go ahead, the House would have seen that the Government were doing all that they could do in advance of achieving the necessary international arrangements.

Colin Challen (Morley and Rothwell) (Lab): Does the right hon. Gentleman also oppose the expansion of our ports and docks? I do not know whether Felixstowe has any plans to expand, but should that expansion also be stopped? We are choosing just one target, aviation, which is fair enough, but perhaps the right hon. Gentleman should extend his argument to those other areas as well.

Mr. Gummer: I wish that the hon. Gentleman, with whom I often agree, had listened more carefully to my argument. I gave a series of examples to which the Opposition were committed. It was therefore not unreasonable for me to suggest that if the Government wished to gain the universal support that I believe will be necessary if the Bill is be effective, it would be helpful if they clarified their approach to some of the key matters that are before us. The expansion of Felixstowe, which I declare as an interest in my constituency, is not a matter before us; the matter before us is the Government's decision on Stansted, and their decision on Heathrow.

I know very well that the Minister is not the person making the decision in this instance, and also that, if she were, she would make that decision in a way of which I would greatly approve. However, I do not consider it unreasonable for me to say to her that it is imperative that the Government take seriously some of the decisions which we understand—notwithstanding the essentially light touch of the new clause—will be translated into action.

I want to say a little about unilateralism as it applies to aviation and shipping. It may be suggested that Britain should do nothing that might put her in a less powerful competitive position, and in general I think that that is true, but I hope the Minister will not be put off doing anything on that basis, or we shall find ourselves unable to take the lead that we have taken. The Climate Change Bill is unilateral in a very real sense, and so it should be.

Although I cannot be accused by anyone of being unilateralist in the sense that the Minister was but—I believe—is not now, I can at least say that unilateralism, in the sense of being a step ahead of others and helping them to make their decisions, is often necessary. T.S. Eliot once said "Being a step ahead of the rest is something that deserves congratulation and you are a hero; two steps ahead, and watch out for the men in white coats." There is some truth in that. I do not want us to get into a position in which we have so damaged our international ability to trade and compete that we suffer unilaterally, but we do need to ensure that we are taking a step ahead of the rest.

Mr. Lilley: Do I understand from my right hon. Friend's logic that, while there is a case for being ahead, if others do not follow us we should cease to give leadership, and that therefore a Bill that binds us unilaterally, by law, to targets 42 years ahead goes too far?

Mr. Gummer: No, I do not agree with that. If I may say so, I think that my right hon. Friend is entirely wrong. The world is faced with the biggest threat that we have ever known about in advance, and for us not to take these measures would constitute a deep dereliction of our duty to this generation, the next generation and the generation after that.

I must tell my right hon. Friend that I deeply disagree with the approach that if no one else helps as we go over the precipice, we had better run with them. That is a totally unacceptable position. We must stand up. That is why the Bill is so important, why the Conservative party supported it from the beginning, why it is a triumph of cross-party agreement that we have secured it, and why it is so important to tighten it up in the areas that it does not currently cover. But to do that—

Mr. Deputy Speaker: Order. We must not get more than two steps ahead in moving towards Third Reading.

Mr. Gummer: With accustomed care, Mr. Deputy Speaker, you enabled me to get off my chest what I needed to, but did not allow me to proceed too far down that avenue, and I shall not do so.

Let me return to the difference between shipping and aviation. I ask the Minister to concentrate on shipping. Shipping can provide the most carbon-efficient mechanism for transporting goods, and we therefore must take care in how we deal with it. However, it is not like aviation in a number of other ways. First, the EU trading scheme does not easily apply to shipping; it is difficult to see how we can use that as a mechanism in the same way as we can with aviation. Secondly, a great deal can be achieved in the shipping industry through taking steps that are not open to the aviation industry. For example, if it were demanded that over a short period ships increasingly used a higher quality of fuel, that could rapidly reduce the carbon impact, but that step is not open to aviation in the same way or over the same time scale.

5 pm

Barry Gardiner (Brent, North) (Lab): I am grateful to the right hon. Gentleman for giving way. I have been listening to his comments with great care, and I agree with much of what he has said. With regard to the point he has just made, does he agree that it is important for the Government to be in deep dialogue with the International Maritime Organisation about addressing such matters? It would be helpful if the Minister were to describe the sort of discussions that she has had with the IMO.

Mr. Gummer: The hon. Gentleman is right, and I pressed the Minister earlier about this issue, because there is a feeling abroad that we have not been sufficiently hard-working in this area and that we have failed to produce as much pressure as we should. It is thought that perhaps we should ginger up our role in international shipping, because we do not want the EU to set proper standards for the kind of fuel that is provided for, and used by, ships docking at its ports, including Felixstowe in my constituency, only to find that they therefore unload outside the EU, such as in Morocco or Turkey. We need to find ways of achieving the ends we want without producing untoward results, but that does not excuse us from being seen to be an effective pressure on the international shipping community, which in many respects wishes to be pressed and wants to move. The Government must show that they are doing that.

My last point on this issue refers to a question raised by the hon. Member for Northavon (Steve Webb). He talked about the need to include shipping and aviation as a matter of equity. That may be the case, but I think there is a more important reason: if we do not have a system that covers the whole of commercial and industrial life, we will automatically create damaging kinds of discrimination and diversion. There is a commercial reason for doing this, and we ought to be citing it; otherwise, there will be untoward consequences. If we leave out shipping and aviation, not only will other areas be disproportionately affected, but if the carbon costs of imports are not included businesses that rely on imports will be able to compete disproportionately with businesses that manufacture at home.

I do not want to be protectionist, but I do want to have equality in this commercial context, so that we ensure that the home-produced product—whether it be food, an area in which I am particularly interested, or manufactured goods—is not disproportionately affected because those businesses are paying the cost of the carbon that they use, whereas other businesses are not paying the cost of the carbon that is used when their product is flown or shipped in from a far-away country. I therefore beg the Minister to take seriously the point that this is not only a matter of theoretical equality, much as I believe in that as an issue. It is a matter of commercial justice and a crucial one for an island that has lost much of its manufacturing ability and ought to gain much back.

Mr. Andrew Tyrie (Chichester) (Con): My right hon. Friend has just put forward a very good case against unilateralism in shipping and aviation, as those industries would be adversely affected by it. I cannot understand why he feels that those industries should be protected from unilateralism but other parts of industry should not be protected from it elsewhere in the Bill.

Mr. Gummer: I have obviously not made myself very clear to my hon. Friend. I was making the point that if we do not include those two industries in the Bill there will be untoward results because they are excluded. In fact, I was making the opposite argument.

My hon. Friend is a doubter about whether we should be doing all this at all, and the reason for his doubt is that he has not committed himself to the scientific view of the damage that climate change is likely to bring and the fact that human beings are causing it. I understand that someone who takes that view can argue that we really ought to sit back and wait for someone else to do something, because it does not matter anyway. In my view, which is based on the scientific advice, it matters desperately and may matter much more than we think.

We therefore have to act rapidly and achieve a delicate and difficult balance by acting sufficiently unilaterally to lead but not going so far as to make it difficult for

[Mr. Gummer]

others to follow by giving them an advantage that they do not want to give up. It is quite a delicate step, and the Government are trying to do that. We as an Opposition have a duty to support them in so far as they are, and they ought to give us a bit more help in supporting them by making clear what they are doing practically to make the amendments a reality.

Nia Griffith (Llanelli) (Lab): I welcome new clause 15 and pay tribute to the work of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas) not only on the Bill but on raising the issue of aviation and shipping on the international stage. We all know that that is where it has to be raised.

We recognise the need to count in the emissions from aviation and shipping, but we all accept that calculating how to apportion them to individual countries is fraught with difficulty. As our Climate Change Bill is often referred to as a world first, it is crucial that we include aviation and shipping. We do not want to give other people the idea that those matters can be left out of legislation. They should be included because we need to raise consciousness among many other nations that may follow suit by producing similar legislation. However, we realise that there is still an enormous amount of work to be done to reach an international agreement about how any mechanism might work, and we still need to work hard on the international stage in many other spheres. We all recognise that what we do here can be worth while only if it is mirrored elsewhere in the world.

We certainly might be able to use a system involving sectoral emissions, but we must remember that one problem with the EU emissions trading system is that we sometimes lose manufacturing industry from this country because it relocates to a country where the emissions trading scheme does not require it to meet our standards. We may find that, in the aviation and shipping industries, transport routes and refuelling stops become much more about avoiding the emissions being counted than about producing the lowest possible emissions.

Our Bill is also important because we do not see it merely as a legal sanction. Once we have exceeded targets, it is too late—those emissions are out there and causing damage. We should see the Bill as an important monitoring tool and as a process rather than as an end in itself.

John Hemming: Will the hon. Lady give way?

Nia Griffith: I shall give way, but if the matter is about oil, I suspect that you would prefer me not to refer to it at this stage, Mr. Deputy Speaker.

John Hemming: I find it somewhat confusing when we talk about shipping emissions. A significant point about shipping is that the consumption of energy is linked to the fourth power of the velocity, which is an important reason why it is possible to reduce shipping emissions. However, all these things are powered by oil. If we do not take any view about whether we need a constant supply of oil, there will be a problem.

Mr. Deputy Speaker: Order. The hon. Lady was prescient. Obviously, we want to have a good debate, but we have a formidable Order Paper before us and we need also to make reasonable progress.

Nia Griffith: This issue is about counting and monitoring, which is why it is important that we include mechanisms in the Bill such as making provision on advice and listening to the Committee on Climate Change. Those are the tools that we are using. The monitoring and reporting processes, and the targets that we put in place, will make us think about how we achieve the necessary reductions in emissions and how we create a low-carbon economy.

Motor manufacturers came to the Joint Committee on the draft Climate Change Bill saying, "You tell us what we have to do and when we have to do it by, and we will need to take decisive actions." The same applies in respect of aviation and shipping; they need to be included in international debate, because we need to set the parameters on an international scale. If enough of the powerful economies say that ships can come to their countries only if they meet X, Y and Z conditions, a sea change—if I may say that—will begin to take place in how boats and ships are fuelled.

Rob Marris (Wolverhampton, South-West) (Lab): We are about a quarter of the way into the period from 1990—the base year—to 2050. In the first 15 years of that period, the UK cut its CO_2 emissions by 6.4 per cent. Does my hon. Friend think that we can include aviation and shipping and make 80 per cent. cuts by 2050, or does she think that that is fantasy politics?

Nia Griffith: I think that we need the mechanism of the Bill in order to give us determination. My hon. Friend rightly points out that we have so far lagged behind in making ourselves take the action that will produce the emissions cuts that we all want, and that is the area in which we must move forward. As I say, we cannot make progress on this issue simply on a national basis, but it is important that new clause 15 is included in the Bill to send a clear message to the rest of the world. We will have to continue to use it as a tool both internally in the UK and in our external negotiations. That is why it is important that the wording of new clause 15 not only gives us a certain flexibility, but sets out clearly that aviation and shipping must form part of the advice that we must take in order to move forward and choose what we are going to do to reduce our emissions and meet targets, rather than exceed them.

Mr. Yeo: I declare an interest that is in the register: I am a director of Eurotunnel, which provides a low-carbon transport route between Britain and the continent.

I warmly welcome the Government new clauses that we are debating and the Government's acceptance of amendment No. 72, just as I welcomed the Bill on Second Reading in the summer. The Minister knows that, like me, the Environmental Audit Committee, which I chair, would much prefer the Government to go further and faster in relation to both aviation and shipping. I particularly hope that the Government will be—or will continue to be—in the forefront of efforts to bring aviation into the European Union emissions trading scheme on a basis that really drives carbon prices to a

level that will incentivise investment in low-carbon infrastructure, encourage the faster introduction of more efficient aircraft and accelerate the use of more efficient practices by airlines as they move planes both on the ground and in the air. Those benefits could flow quite quickly, but they will do so only if the terms for the introduction of aviation into the scheme are a great deal better than those that applied in phase 1 for the power generation industry.

Joan Ruddock *indicated assent.*

Mr. Yeo: I am glad to see the Minister nodding her assent. As I mentioned in my intervention, I also hope that the Government will lead the debate on how to accelerate a switch by the shipping industry to some of the more efficient, less polluting and more low-carbon methods referred to by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer). Britain is a great maritime nation, and the shipping industry would respond to a lead from the Government on these matters. Indeed, the industry is looking for a lead, and the evidence given to my Committee this morning suggested that while it is not very concerned about the precise policies, it would like to know how the Government intend to accelerate those changes.

5.15 pm

I also urge the Government to consider what more can be done to speed up a switch from domestic flights to lower carbon alternatives. There is a strong probability that those countries that have a low-carbon transport infrastructure, such as France has, and that Spain and others are rapidly developing through their high-speed rail networks, will enjoy a huge economic and commercial advantage in 10 or 15 years. Because those projects take a long time to build, it will be too late for us if we wake up in 2020 and wish that we had implemented our own when we first realised that it was important.

Many of the supporters of the Bill and the Government's approach are dismayed that other parts of the Government appear to be moving in the opposite direction. Reference has already been made to Heathrow, but I wish to refer to Stansted, an issue in which you, Mr. Deputy Speaker, may have a passing interest. Only two weeks ago, the Government approved a substantial increase in the number of flights from Stansted. That was an environmentally catastrophic decision for my constituents in South Suffolk, for people in East Anglia and for Britain. It was taken at a time when usage of Stansted is falling—the figures for 2008 are lower than those for 2007—so there was no reason for that decision. There was no pressure to make it, especially as the low-cost airlines that dominate the airport are experiencing a drastic change to their business prospects and business model.

The replacement of domestic flights with low-carbon alternative transport choices would not harm Britain's competitive position internationally; in many respects, it would help it. For example, it would free slots at Heathrow for the introduction of strategically important long-haul international routes. While I welcome the Government's fresh approach on aviation as reflected in the Bill, the amendments and the Minister's remarks, I urge them to be bolder. In particular, I hope that the Minister and the new Department—I wish it a successful future—will bring colleagues in the Department for Transport into line.

Mr. David Chaytor (Bury, North) (Lab): I congratulate my hon. Friend the Minister and her former ministerial colleagues on steering the Bill so successfully through Committee and, in particular, on listening carefully to the various representations made over many months, especially on aviation and shipping, as well as on the overall target for 2050.

I am struggling to understand how the hon. Member for Northavon (Steve Webb) can believe that new clause 14 is significantly different from the proposals in Government new clause 15, with the addition of amendment No. 72. I support amendments Nos. 68 and 69, but in the absence of my hon. Friend the Member for Edinburgh, South (Nigel Griffiths), I am happy that they should be superseded by amendment No. 72. I urge all Members to consider the context of amendment No. 72, because it would simply add aviation and shipping to those matters that must be taken into account by the Secretary of State and the Committee on Climate Change, which include

"scientific knowledge about climate change…technology relevant to climate change … economic circumstances … fiscal circumstances … social circumstances … energy policy … circumstances at European and international level."

Logically, if the hon. Gentleman seeks to suggest that Government new clause 15 and amendment No. 72 are inadequate, he should table additional amendments that spell out how the references to all the other items in clause 10(2) are inadequate, but he is not doing that.

There are uncertainties about the method of calculating emissions from aviation and shipping. There are uncertainties about the method of assigning the emissions to different nation states. There is always the question of a future Government who do not have the same determination as this Government to reduce UK emissions. Although I accept those points, I cannot see the purpose of new clause 14. I fear that although we have successfully built up impressive cross-party consensus over many months, there is a bit of game playing going on as we reach the end point. That is regrettable.

Steve Webb: Does the hon. Gentleman recognise that Government new clause 15 is entirely about a duty on the Climate Change Committee to give advice? The only duty placed on the Secretary of State is to publish that advice. Amendment No. 72, as redrafted, puts in place another thing to which the Climate Change Committee must have regard. The duty that we have proposed in new clause 14 is a duty on the Secretary of State with regard to carbon emissions, while amendment No. 3 gets rid of an opt-out for the Secretary of State. It is not taking anything away from the cross-party consensus, but going further and trying to oblige the Secretary of State to do something.

Mr. Chaytor: I do not agree. Clause 10 is very specific when it states:

"The following matters must be taken into account"

both

"by the Secretary of State … and … by the Committee on Climate Change".

There is hardly any difference. There is a difference between the wording used in new clause 15 and amendment No. 72 and that used in new clause 14, and that is why I urge the House to reject any attempt to move to a vote on new clause 14.

[Mr. Chaytor]

I want to endorse the comments made by the right hon. Member for Suffolk, Coastal (Mr. Gummer), who pointed out that in environmental policy, above all, we need a Government who are open, outward-looking and prepared to engage with the international community. Of course, my right hon. Friend the Member for Scunthorpe (Mr. Morley) pointed out earlier that aviation's inclusion in the EU emissions trading scheme was carried out under the UK presidency. Will the Minister say whether she thinks that that would have happened if the Government had had an irrational, obsessive Eurosceptic policy?

As we move towards further negotiations on the precise methodology for including emissions from aviation and shipping, are we more or less likely to reach agreement with other nation states with a Government who are open, outward-looking, prepared to negotiate and positive about their membership of the EU or with a future Government less enthusiastic about the EU and determined to refuse to co-operate with the other member states? It is self-evident that the likelihood of any change of Government in the future is linked to that. The shadow spokesman, who is not in his place, worked himself up into a frenzy of excitement about the prospect of an incoming Conservative Government, but the likelihood of that happening is in inverse proportion to the continuation of the Opposition's irrational, obsessive hostility towards the EU and international co-operation more generally.

Mr. Lilley: I draw the House's attention to my declaration in the Register of Members' Interests.

In the speeches of a number of hon. Members, it has been assumed that the whole House is unanimous on the measures before us, and on the Bill that they amend or add to. Historically, the House has made its worst mistakes not when it is divided, but when it is virtually unanimous; not when it is adversarial, but when MPs switch off their critical faculties in a spasm of moral self-congratulation. My concern is that, in considering these measures, we are displaying that tendency. It is vital that we bring the House back down to earth by considering the hard costs and benefits of, and alternatives to, what is proposed and what we are doing. We have not done that very much so far in the debates in the House. Only once in Committee was mention made of the costs and benefits of what we are proposing.

Mr. Morley: The right hon. Gentleman will find that, apart from the Stern report, which addressed the issue of costs and benefits, the report by Lord Turner specifically identified some of the projected costs for his recommendations, which are now being incorporated in the Bill. They were relatively modest.

Mr. Lilley: I am not in any way disputing what the hon. Gentleman says, but no hon. Members, in either the House or Committee, have addressed the question of costs and benefits. They could have done so, as the Government have produced an impact assessment spelling out their estimate of the costs and benefits involved. Those figures are all we have when it comes to trying to assess the costs and benefits of the specific clauses and amendments before us.

The Government's impact assessment has three very important implications. The first is that the costs of the Bill as a whole are potentially huge, and they will be even more onerous if these proposals are accepted. The impact assessment puts the transitional costs at between 1.3 and 2 per cent. of gross domestic product up to 2020. In addition, there will be competitive costs to this country as a result of industry being driven overseas, even though that will not reduce the level of carbon emissions. Ignoring both those costs and making the heroic assumption that British industry can instantly and perfectly implement the latest and most cost-effective technology to meet the targets, means that the estimated cost of the Bill as a whole—even before the target for emission reductions is increased from 60 per cent. to 80 per cent.—comes to £205 billion.

That is a lot of money. We have to ask whether we are prepared to increase it by including aviation and shipping, as the measures before us propose. I do not know whether hon. Members have consulted their constituents, but £205 billion would equal over £10,000 from every family in every constituency.

People are used to hearing about the large sums of money being used to rescue the banks, but that has been in the form of loans that one hopes ultimately will be repaid. The costs that we are incurring through the amendments—and by the Bill - even if it remains unamended—are real money. Our constituents will cough up that £10,000 in taxes and lost incomes, and never see it again. Before we add even more onerous burdens by including aviation and shipping in the Bill, we must be very sure that we are happy with the costs that we are already incurring.

Secondly, we need to look at the benefits, which the impact assessment also considers. Although it shows that the maximum costs, even excluding all the things proposed in the measures before us, are potentially £205 billion, the striking thing is that it puts the maximum benefits of the actions proposed in the Bill at £110 billion, or just over half that total. Do the authors of the new proposals believe that their costs will eventually exceed their benefits, as is the case with the Bill as a whole, or can they reassure us that the benefits will be greater than the costs?

Mr. Christopher Chope (Christchurch) (Con): Will my right hon. Friend give way?

Colin Challen: Will the right hon. Gentleman give way?

Mr. Lilley: I will give way in a moment, and especially to the hon. Member for Morley and Rothwell (Colin Challen).

I have reservations about the certainty with which some people adopt the scientific case behind global alarmism, but I am equally uncertain that it is necessarily wrong, so I am quite prepared to take out an insurance policy against the possibility that we will face global warming, just as I insure my house against the possibility of fire. However, I ask the House whether it is sensible to buy an insurance policy whose premiums could be twice the value of one's house—

Mr. Deputy Speaker: Order. The right hon. Gentleman is an experienced and skilful debater in this House, but I think that he must realise himself that he is building a

broad case on a narrow foundation. The remarks that he is making are, in terms of good order and debate, more strictly applicable to later parts of the Bill, and particularly to Third Reading. Therefore, I really must direct him to the specific matter covered in this group of new clauses and amendments.

Mr. Lilley: Of course I take your remarks to heart, Mr. Deputy Speaker.

We have to remember the normal laws of declining marginal benefit and increasing marginal cost. If we tighten the Bill by adding more rigorous burdens regarding aviation and shipping, we must expect the costs to be higher than the costs of meeting the 60 per cent. target, let alone the 80 per cent. target, and we must expect the benefits to be less than the marginal benefits that were to be accrued.

5.30 pm

David Howarth: The right hon. Gentleman will of course be aware of the work that Professor Barker did with Pan, Köhler, Warren and Winne, published in 2006 in *The Energy Journal*, which showed that as the targets become stricter, the world growth rate increases because of induced technological change. Economics has moved on slightly since he was at Cambridge.

Mr. Deputy Speaker: Order. Oh, dear. The hon. Gentleman is enticing the right hon. Member for Hitchin and Harpenden (Mr. Lilley) towards the wider aspects of the Bill again. I must remind the House that we want to make progress on to other matters, and we should therefore stick strictly to the terms of the amendments before us.

Mr. Lilley: I will do just that and avoid discussing with the hon. Member for Cambridge (David Howarth) my experience of Cambridge, which was splendid. I instead return to the measure before us, which asks the Committee on Climate Change to assess the cost of including aviation and shipping in the Bill. However, the new clause does not say how those assessments are to be made. We must assume that they are to be made on the basis that Lord Stern used to assess the costs and benefits in the report to which the right hon. Member for Scunthorpe (Mr. Morley) referred, or on the basis used in the impact assessment that the Government put before the House, although that assessment refuses to give us any costings specifically on aviation and shipping.

It is interesting that the impact assessment totally contradicts Lord Stern, who said that the costs of the measure, including aviation, would be far short of the benefits. Of course, he reached that conclusion only by discounting the future at such a low rate that the benefits exceeded the costs. According to Nordhaus, the leading valuator of this sort of methodology, half the benefits that Sir Nicholas Stern takes into account will not accrue until after the year 2800, but so low is his discount rate that they outweigh the costs that we will incur in this century.

More sensibly, the Government rejected that. I asked them what interest rate they think should be used, and presumably want to use, in the assessments that they require in new clause 15. They say that they are using the traditional, conventional discount rate required by the Treasury of 3.5 per cent. in real terms. That is why their calculations show that the costs are not necessarily much lower than the benefits, and could well be twice as great as the benefits. Presumably, if the Committee follows the Government's methodology, it could reach the same conclusion for aviation and shipping.

Rob Marris *rose—*

Mr. Lilley: I give way to the hon. Gentleman, who made by far the best speech on Second Reading.

Rob Marris: I am grateful to the right hon. Gentleman. Like other industries, aviation and shipping are, of course, susceptible to technological change. On the £205 billion cost—that is the upper end; the lower end is £30 billion—may I point out that the impact assessment said:

"Upper end of the range assumes no technological change"?

There may well be technological change in aviation and shipping. Conversely, on the benefits, which are between £82 billion and £110 billion, the impact assessment says:

"Benefits are therefore likely to be higher."

I suggest that the right hon. Gentleman is being a little pessimistic about aviation and shipping, and about the cost-benefit analysis.

Mr. Lilley: I may be wrong, of course, but I am using the Government's figures. Throughout the debate no one else has bothered even to mention the Government's figures, and they were mentioned only once in Committee. It is only sensible that we should do so, and if we do, and if in particular we reach the conclusion that they should use the methodology implied in the impact assessment and not the absurd methods used by Sir Nicholas Stern, now Lord Stern—he received his reward—they would reach a conclusion very similar to that advocated by the hon. Gentleman on Second Reading: that we should put far more emphasis on adaptation to helping poor countries cope with climate change, rather than on crippling our industries—aviation, shipping and all the other industries—to little avail.

Mr. Tyrie: *rose—*

Mr. Lilley: I give way to my hon. Friend, who made the equal best speech on Second Reading.

Mr. Tyrie: I hope that my right hon. Friend has not devalued the compliment that he threw across the Floor of the House; heaven knows what he will say when another Member seeks to intervene.

The question at issue has been whether technology in aviation and shipping can proceed at a pace to enable the costs to be kept reasonably low and therefore to allow us to pick up the benefits of a low carbon technology without extra cost. Is my right hon. Friend aware that the leading estimates of the improvement needed in carbon productivity are that it needs to increase fourfold over the next 40 years—that is, that the average of the past 15 years, which is 1.5 per cent. per annum, needs to increase to about 6 per cent. per annum if we are to get anywhere near meeting the 80 per cent. target? Will he speculate on whether it is plausible that a fourfold increase can be achieved?

Mr. Lilley: That would be extremely demanding, but the implications of the Government's impact assessment both for aviation and shipping and for industries more generally is that we must find more effective ways of reducing costs and carbon utilisation than they themselves think are available or would result from the measures in the Bill.

Either that, or we must adopt the route proposed by the hon. Member for Wolverhampton, South-West (Rob Marris) and devote more effort to adaptation to climate change rather than mitigation, which would remove the burden—the almost impossible task—of bringing aviation and shipping into the scheme. It would also mean that, if global warming continues but turns out not to be predominantly the result of human activity, we would still be able to help the people in poor countries who would suffer from it, whereas we would not help them if we relied only on mitigation efforts.

The implications of the clauses before us are extremely serious. We are potentially asking our constituents to bear a burden of £10,000 for every household, should we increase it. We are potentially producing benefits that may be only half the costs that we are incurring. We have been using a method to assess future costs and benefits that has been surreptitiously abandoned by the Government, but they have told us nothing about it. These issues ought to be discussed more fully before the Bill becomes law, and it is a sad day when Parliament refuses to face up to these hard facts.

Alan Simpson (Nottingham, South) (Lab): There is a real danger of the House misleading itself into debates which, although important, are not the debates that should be taking place on the amendments. There are issues to be addressed concerning the methodology of impact assessments, but at this stage the House is being asked to address the principle of the inclusion of the Government's assessment of carbon impacts in the way in which we set our carbon budgets. It is important to bring the debate back to that.

It is also important not to allow ourselves to conduct a caricature debate about the choices that we face. The choices are not between unilateralism or multilateralism, or between mitigation or adaptation. We will have to do both. When the ship is sinking, the last thing we want to hear is someone running round the decks saying, "No action until there is a global refit." If the ship is sinking, we want action taken on the threat that we face at that time.

What we need to recognise from the scientific reports, which have been coming to us in their own tsunamis, is that the climate and the planet are the part of the equation that is in the process of taking the most enormous unilateral action. We will have to address huge upheavals in the whole framework of how we consider societies and economies capable of working viably throughout the whole of this century.

I had hoped that the hon. Member for Birmingham, Yardley (John Hemming) would be here for his customary intervention on this issue. The answer to the question about oil is that by the time we come out of the current global financial crisis, two things will be queuing up. The first will be the climate crises already in the pipeline. Secondly, by that time we will probably have passed the peak oil level anyway, and we will have to move to a post-oil economy if we want a viable economy of any sort.

The question before the House is whether it is right in principle to include aviation and shipping in how we assess carbon impact. The answer is that it has to be right. It would be absurd for the House to pretend that we can ignore the impact that aviation in particular, and shipping, have on our carbon emissions and the climate damage that we do. The right hon. Member for Suffolk, Coastal (Mr. Gummer) is right to say that there are domestic implications that need to feed back into our policy on airport expansion. It would be enormously sensible to draw airport expansion to a halt; that would give a hugely important signal to people in this country and internationally about the importance that we place on the environment being the centrepiece of any sustainable economy in the 21st century.

Mr. Graham Stuart: I agree with the hon. Gentleman; it makes no logical sense for shipping and aviation to be excluded. They should be included. Amendment No. 72 says that consideration should be given to

"the emissions...that the Secretary of State expects to arise during the budget period."

However, the Minister seemed earlier to suggest—perhaps I misunderstood her—that the Government would refuse to produce any numbers on the emissions that they expected to arise from aviation and shipping.

Alan Simpson: I understood that the Minister said that she would produce the assessments for the period of the Parliament, but that there was no point in coming back with annual statements when those would be set out in the overall assessment. In so far as we can predict across the period of a whole Parliament, that is the sensible way for the issue to be incorporated.

I want the Liberal Democrats to think carefully about whether we need to divide on new clause 14. When I consider amendment No. 72, the Government's comments about its incorporation into the framework of the Bill and what the Bill says, I think that there is a real danger that we would be dividing about how many angels there are on the head of a pin. I find comfort not in clause 10, but in clause 9, which sets out a duty for the Secretary of State to

"publish a statement setting out whether and how the order",

which has to be brought before Parliament,

"takes account of any representations made by the other national authorities."

In so far as there is a direct transfer from aviation and shipping to other sectors of the economy, I cannot conceive of a situation in which those sectors do not make their own representations about the distorting effects of their being asked to carry the carbon consequences of existing policies on aviation and shipping.

The cross-party agreement that seems to have emerged gives everything that the Liberal Democrat new clause seeks to deliver. There are issues on which it is important for the House to divide, but we owe ourselves the discipline of not pretending, for narrow advantage, that there is a real division among the different parties, and that a real gain can be made from a Division when it cannot. I hope that the Liberal Democrats will have another look at the amendments and the clauses that were initially in the Bill, because I doubt whether they could find any way in which new clause 14 would change anything.

5.45 pm

Dr. William McCrea (South Antrim) (DUP): My hon. Friends and I accept that climate change is a serious environmental threat that requires action. We have to tackle carbon emissions, and it is therefore important that there is an appropriate Bill to do that. Although I have a very sceptical colleague sitting beside me, our party's policy is that the Bill is necessary. However, I do not accept that we can say with authority that man is the sole contributor to the situation. There are those who have over-egged the case and in many ways destroyed the argument, and that has made many people in the community cynical. There are also those who have underestimated the case, and they have not helped the debate either. I believe that global warming is a reality. Scientists have a certain view of the issue; in this House we need to take a balanced view.

I should like to draw to the Minister's attention some consequences of these proposals, particularly in the region of the United Kingdom that I come from, Northern Ireland. It is essential to deal with this issue internationally and even-handedly, in conjunction with our European Union partners. It is accepted in Northern Ireland that those who call themselves great Europeans have a wonderful way of taking European legislation and, if it suits them, driving a coach and horses through it and not carrying out what was intended. In the UK—although many see us as bad Europeans in many ways—the Government gold-plate legislation with great zeal and force it on the people.

There needs to be equity in the provisions made across Europe. There is a case for commercial justice in relation to aviation—in my constituency, for example. I have in my constituency an international airport, Belfast International, which is in direct competition with another international airport that is not many miles away, but happens to be in another EU country. Unlike many other EU countries, we have a land border. I ask the Minister to consider carefully the danger that if we take action unilaterally, rather than right across Europe, we could be on the verge of driving local industry over that border. That would penalise my constituents and my local airport. It is not the business of this United Kingdom Government to penalise their British citizens in Northern Ireland or to direct business to our competitors. There is a genuine fear that there will be discrimination against a region of the UK as regards the aviation industry. I do not believe that the Government intend that to be the outcome of their actions, but it could be, if they do not ensure that there is a balanced and equitable approach across Europe.

I know that an easy, throwaway statement can be made about transport alternatives and so on. In Northern Ireland, over many years, the trains were removed—most of Northern Ireland is not served by train—and the timing, frequency and availability of buses is not as in other regions of the United Kingdom. If we take people out of cars to deal with the issue, what will they use? A horse and trap? Bicycles? We have to deal with reality, rather than go back into history.

We have to have a balanced view. I appeal to the Minister concerning aviation and how it relates to the competition faced by the international airport in my constituency, lest we destroy a vital part of our industry, and direct industry away from a region of the United Kingdom. That would not be good for the future of the UK or its industrial prosperity.

Mr. Hurd: I rise to give a cautious welcome to the movement by the Government on this important issue, but we must recognise the scale of the journey. We have moved from a situation, in summer 2007, when those of us on the Joint Committee on the draft Bill were listening to a Government who were saying, "We are filing the inclusion of aviation in the 'too difficult' box. We don't need to do it because we aren't required to by our international agreements." The message from the Government in the Bill is now, "We'll tell you if we're going to include aviation and shipping in our international targets by the end of 2012, and if we do it, we'll tell you then how we're going to do it. On the way we'll get some advice from the Committee on Climate Change and publish some projections." The hon. Member for Northavon (Steve Webb) was right: there is no absolute obligation on the Government to include aviation and shipping in the carbon budgets or the targets, and we should be quite clear about that.

It has been a modest journey, but a welcome one. That is why the Bill needs toughening, and I extend a cautious welcome to amendment No. 72, tabled by the right hon. Member for Scunthorpe (Mr. Morley), who, sadly, is no longer in his place. It adds value by requiring the Government and the Committee on Climate Change to take into account aviation and shipping in their public deliberations. I am concerned that the phrase "take into account" is too vague, because it can mean anything to any Government—but there has been an improvement.

We recognise that there are tremendous difficulties in calculation—we have to respect that, and we must not get too far ahead of ourselves in the international process. But this Climate Change Bill is very important. It is a landmark Bill, which sets an international lead as a framework Bill. That is its value. It is a new method of setting targets and monitoring progress against targets. The key innovation in the Bill is not the long-term targets, but the carbon budgets. The rolling carbon budgets will allow us to get a grip on the problem of cumulative carbon emissions—a point forcefully made by my hon. Friend the Member for Beverley and Holderness (Mr. Stuart). It is the cumulative carbon emissions that count, not the absolute carbon emissions at the distant date of 2050.

The carbon budgets are the key innovation, and we simply cannot undermine them by leaving completely to one side the fastest growing source of emissions, however difficult it is to calculate them. We should take the opportunity to place on record the fact that aviation emissions in the UK grew by 90 per cent. between 1990 and 2004. The Under-Secretary was unable to answer the question posed by my hon. Friend the Member for Beverley and Holderness about the proportion of future emissions in the carbon budget that the Government think will come from aviation, but she will be aware that there are various estimates from serious people such as the Tyndall Centre and WWF, and the range of projections is between 50 per cent. and 100 per cent. of our carbon budget in 2050. We have to address a serious engine of growth in carbon emissions, and we cannot afford the "out of sight, out of mind" message that we received from the Government 18 months ago.

[Mr. Nick Hurd]

As the Under-Secretary well knows, transport, and aviation in particular, is the most difficult in policy terms, partly because there is no obvious short-term technology solution. It does not take much for us to imagine that our children or grandchildren will be driving around in cars that are different from the ones that we drive. We can almost feel the technology—it is out there. But in aviation that is not the case. The best-case scenarios for aviation are for technology products leading to improvements of about 1.5 per cent. a year, which is not enough, given the demand. We are left in very difficult political territory when making policy—having to decide whether we want to manage demand through price mechanisms, taxes or the management of airport capacity.

The Government are placing all their bets on the European emissions trading scheme—the cap-and-trade scheme. That make me nervous, because in the Environmental Audit Committee we spend a lot of time looking at the emissions trading scheme. It works as a testing mechanism, but it has comprehensively failed to reduce emissions, because a cap-and-trade scheme is only as good as the cap, which is a function of political will. The great concern is whether there will be the political will in 2011, in the face of the mother of all lobbies from the aviation industry, to set a cap that bites. We know that such a cap will have significant implications for the price that consumers will pay for aviation. There will be significant consequences for the price of carbon credits in the system for other industries. This is an extremely difficult policy area.

Barry Gardiner: Does the hon. Gentleman agree that it would be possible to allow an expansion of the aviation industry, and shipping as well, as long as that was taken into account in the carbon budget, as he rightly stressed, with accommodations and increased cuts in those areas? That would, critically, demand that it be possible to quantify exactly what the amount of the contribution was—the central point made by the hon. Member for Beverley and Holderness (Mr. Stuart) earlier.

Mr. Hurd: Absolutely—we need to know what we are dealing with. The hon. Gentleman has painted a gentle and attractive scenario, but it places a lot of faith in the emissions trading system, which is attractive in theory but has not worked in practice, because too much political risk is tied up in it.

I was making the point that we cannot afford an "out of sight, out of mind" attitude to aviation and shipping, because the policy challenge is too great. It requires the Government of the day to get a grip on it, and the harsh reality is that this Government have been extremely clumsy in the signals that they have sent through their policies on aviation. We had a clumsy increase in air passenger duty, which gave green taxes a bad name because it was closely associated with the concept of stealth taxes. We seem to be slow-marching towards the wrong decision on Heathrow. It was desperately disappointing that one of the first signals from a new Secretary of State in a new Department was simply to confirm that existing position on Heathrow. The Under-Secretary will be aware that it is hard to persuade those in this country, let alone any other, that we are serious about controlling emissions from aviation if we give the green light to the expansion of the fastest-growing source of emissions. The negative value of that decision far outweighs the relatively small value of the signals being sent in the Bill.

Mr. Graham Stuart: This is a question not only of aviation but of shipping. We are a major maritime nation, but little effort has been made here, or globally, into finding out what the emissions from shipping are, let alone into the investment and leadership that Ministers like to talk about that is needed to transform the efficiency of shipping in terms of emissions. That is a very challenging process in aviation, but probably a lot less so in shipping. However, precious little effort or political will has been applied to that area so far.

Mr. Hurd: I accept that point completely. It is coming through in all the evidence received by the Environmental Audit Committee at the moment. The value of the debates on the amendments is to ensure that such matters are included in the Bill, so that the Government cannot ignore the issue.

John Hemming: Will the hon. Gentleman give way?

Mr. Hurd: If it is about oil, the answer is no.

John Hemming: It is about shipping.

Mr. Hurd: All right.

John Hemming: Does the hon. Gentleman accept that shipping is one of the modes of transport that, historically, operated without any carbon emissions?

Mr. Hurd: I congratulate the Government on moving from an unsustainable position on the inclusion of aviation and shipping in our consideration of budgets and targets—but I say to the Under-Secretary that the most powerful signal they could send would be to review and reverse the decision on Heathrow.

6 pm

Mr. Charles Walker (Broxbourne) (Con): I am glad that we are debating the inclusion of aviation and shipping in the Bill; such matters need to be aired and discussed in Parliament. Setting a reduction target of 80 per cent. by 2050 is laudable and ambitious, but probably unachievable. In the next 42 years we will return to this place regularly to recalibrate the target—to reduce it to take into account global recession and the need to create jobs and wealth.

The danger of setting a target of 80 per cent. is that it will become just another missed target. My word, we have had a lot of missed targets in the past 10 years. There is a danger that our constituents will perceive politicians perpetrating another con trick by setting a target that there is little—if any—hope of achieving. Let us be honest with the electorate and say that in an ideal world, we would like a carbon-neutral economy by 2050—zero carbon emissions—but it simply will not happen, because we do not live in an ideal world. What we should say is that in the next 42 years we will rightly reduce our reliance on fossil fuels, but do it sensibly, and

that we will progress towards reducing carbon emissions, but not set artificial targets, which we realise—probably secretly—that we have little chance of achieving. We need to be honest with the electorate, and I do not believe that we are doing that.

Mr. Chope: In a sense, it is a pity that today's business is not subject to any knives, because that means that we are unlikely to reach all the items on our agenda, and there are some important issues to debate later. I shall therefore keep my remarks brief.

The issue that we are discussing needs to be put into context. A paper that PricewaterhouseCoopers produced, entitled "The world in 2050", projects that the United Kingdom will produce only 1.2 per cent. of global emissions in 2050—without the increased targets in the Bill and without including emissions from shipping and aviation. We must take that into consideration. Even if we eliminated that 1.2 per cent., would it make any difference to the world? I do not think that it would—indeed, the burdens on our economy would be even more enormous than they are already likely to be, as my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) explained so well.

My right hon. Friend was one of five who voted against Second Reading. When the history books are written in 2050, people will ask why only five people voted against Second Reading of a ludicrous measure. However, he failed to say that, as we export more of our manufacturing industry, we will depend all the more on international shipping and aviation for our imports. The new clauses therefore deal with matters that are highly relevant to our viability as a nation.

The TaxPayers Alliance produced an important research note, which shows that, if we achieved an 80 per cent. reduction in emissions, UK gross domestic product in 2050 would have to be 3.8 per cent. lower than it was in 1990. We know of the public dismay and, indeed, even the Prime Minister's concern, about the fact that we have now entered the first quarter of negative growth since 2007. What would 3.8 per cent. negative growth in 2050 compared with 1990 mean for the people of this country? It would be a disaster on a massive scale and unacceptable to the people. Not enough has been done to spell out the implications of the Bill.

As one examines the measure, one realises that it contains all sorts of loopholes. It would therefore be possible for successor Governments—or even the current Government—to adjust the membership of the committee that is meant to be pushing all of this so that it was then able to use the word "appropriate" to decide that the provisions passed in the Bill were wholly inappropriate as our economy went down the global league table.

Sammy Wilson (East Antrim) (DUP): I appreciate the hon. Gentleman's point that targets set for a time when most of us will not be in the House—and perhaps not on the planet—are all very well. However, even if the Government reduced or amended the targets, the Bill contains costs now that would hit our constituents hard in fuel, food and travel bills. We should be worrying about that.

Mr. Chope: I agree, but I shall concentrate on aviation, aerospace manufacturing and shipping because they are key industries in our country. One could argue that the City of London is the centre of global shipping activity. We have some of the world's largest hub airports, and also international shipping container terminals, albeit not so many as we had, which is a pity. Aviation is our heritage, but I have not heard a word to show that the promoters of the Bill and the supporters of the amendments support and laud British aviation and shipping.

Colin Challen: Would the hon. Gentleman therefore argue that people such as Richard Branson should not try to reinvest all Virgin Atlantic's profits in exploring the possibilities of biofuels? If it were a bit more expensive to develop that new technology, would not some sort of statutory framework, which encouraged people, help those who wanted to do that?

Mr. Chope: I could not agree less. Richard Branson's success is based on being a buccaneer and an entrepreneur and not taking any notice of regulations and Governments. He occasionally may cosy up to the current Government, but when he realises what is involved, he gets away pretty quickly. The hon. Gentleman has deployed an argument that supports my case. Let us have free trade, the market and competition.

Global trade depends, above all, on aviation and shipping. It would not get far without them. I want global trade to grow, but it is not clear whether the Bill's promoters and the amendments' supporters share that objective. How do the Government propose to reduce emissions from aviation and shipping without damaging global trade? It is obviously common sense to say that fuel expenditure could be reduced for each unit of aviation and shipping activity, and that each unit could be more fuel efficient, but the market will achieve that objective—we do not need regulation to do it. I am worried that an agenda for imposing volume reductions in aviation and shipping underlies the Bill and the amendments. Imposing such volume reductions would be damaging to global trade. We are a global trading nation and it would therefore be highly damaging to the United Kingdom plc.

Rob Marris: The right hon. Member for Hitchin and Harpenden (Mr. Lilley) kindly praised me in his interesting remarks. He may have misinterpreted my position slightly because I believe that the United Kingdom and the world need to opt for adaptation, about which I have been banging on in the House for more than two years, initially as a lone voice. However, we also need to lessen emissions because I have no doubt that human activity contributes significantly to adverse climate change. I have been seized of that notion for the past 35 years, since I studied it at university, and I am not a scientist—the science has been around for a long time. Of course, just because it has been around for a long time does not mean that it is right.

Sammy Wilson: The hon. Gentleman says that he has been seized of the idea for the past 35 years, but 35 years ago, some of the people who now talk about man-made global warming were talking about man-made global cooling and an ice age. If the hon. Gentleman was seized of the idea in the 1970s, he was well ahead of those who now advocate the notion of global warming.

Rob Marris: I am slightly saddened that the Minister of Environment in the Northern Ireland Assembly is apparently more than 35 years behind me. That troubles me, but I will go no further into that.

[Rob Marris]

I welcome Government new clause 15 and amendment No. 72, which will mean that the Bill includes emissions from aviation and shipping. That is right, but I want to counterpoise that with the 80 per cent. cut by 2050. The right hon. Member for Suffolk, Coastal (Mr. Gummer) was absolutely right when he cited T. S. Eliot, rather than George Eliot, on being two steps ahead. If we as politicians are one step ahead of the electorate, that is leadership. If we are two steps ahead, that is eccentricity. If we regard the inclusion of aviation and shipping as one step in that paradigm, the second step is the 80 per cent. cut.

Trying to do both is unrealistic. Probably for the first and only time ever, I agreed with a great deal of what the hon. Member for Broxbourne (Mr. Walker) said. Government amendment No. 1, to which we shall come later, talks about the 80 per cent. cut. We are talking about aviation and shipping, but one has to counterpoise them, because we cannot achieve both. We cannot include aviation and shipping and have an 80 per cent. cut by 2050. That will just not be possible.

The baseline year for the percentage calculations is 1990. My figures for the United Kingdom are from DEFRA's website and are for the period 1990 to 2005, a 15-year period, which is one quarter of the period 1990 to 2050. One would not expect to make much progress in the first couple of years, but then the technological benefits should kick in, albeit before the law of diminishing returns starts to apply as we approach 2050, thereby lessening savings in CO_2 emissions. However, my figures, which are for the first 25 per cent. of that period, show that CO_2 emissions, which constitute 84 per cent. of the basket of greenhouse gas emissions in DEFRA's calculations, went down by 6.4 per cent. Overall greenhouse gas emissions in the United Kingdom went down by 15.3 per cent. in that period.

For all our debate so far and for all the importance of cutting emissions and including aviation and shipping, as highlighted by new clause 15 and amendment No. 72, we are deluding ourselves and the electorate if we think that we as a society can include aviation and shipping, which we should, and have an 80 per cent. target for 2050.

Mr. Tyrie: I strongly agree with the hon. Gentleman's line of argument. He might also like to point out that almost all the 6 per cent. improvement that he mentioned was a result of gas privatisation and the consequent dash for gas, which was opposed by the Labour party throughout its passage in the House. Since that one-off change, which mainly happened before the end of the millennium, there has been virtually no improvement at all. In fact, that figure has gone into reverse in recent years.

Rob Marris: The figures that I received from the Library about nine to 12 months ago indicated that between 1999 and 2006, which were the latest figures that the Library could supply, per capita CO_2 emissions in the United Kingdom increased—not by a lot, but they did increase. The trend was in the wrong direction. Therefore, to suggest that an 80 per cent. cut is feasible troubles me greatly.

The youngest Member of the House is the hon. Member for East Dunbartonshire (Jo Swinson), who was here for the earlier part of the debate, but has had to slip out. She is 28. She will be 70 in 2050. It is unlikely that she will be an active Member of the House by then. *[Interruption.]* I hear chuntering, which will no doubt be recorded in *Hansard* as an interruption. I carefully used the adjective "unlikely". I did not say that she would not be a Member. That is a measure of the problem, when our youngest Member will be one of the oldest Members, if she is still here, in 2050. It is an abdication of responsibility and comes close to misleading people to say that we can include aviation and shipping and have an 80 per cent. cut when, on tables of life expectancy and life patterns, no one who is currently in the Chamber will be an active politician in 42 years' time.

Lynne Jones (Birmingham, Selly Oak) (Lab): I take my hon. Friend's point about the seriousness with which we must approach the targets. Clearly we have woefully missed them so far. We have a target of achieving a 20 per cent. cut in CO_2 emissions by 2010, which we are nowhere near. What informs the targets for 2050, however, is surely the need to limit the overall concentration of CO_2 in the atmosphere. Therefore, it is up to us to find the mechanisms to help us to achieve those targets. By saying that we cannot achieve them, we are already being faint hearted. We could have achieved the earlier targets that we set ourselves had the will been there. We must have the will to achieve the new targets.

6.15 pm

Rob Marris: Willing the means does not mean that we will get there and it can be counter-productive. If I challenged my hon. Friend to run 100 m in 14 seconds, for example, she might train and try to do it. If I challenged her to run 100 m in 10.5 seconds, I suspect that she would not even bother to start training. That will be the position of the electorate, particularly when they see us, rightly and as I hope that we will, including aviation and shipping in the approach to cutting emissions, which we must do, as well as addressing adaptation. However, the thought that will strike many of my constituents is this: "We can't do both, so why should I bother doing anything?"

Mr. Gummer: But surely the alternative is even worse. If the hon. Gentleman is suggesting that we should have targets that are not sufficiently good to solve the problem, nobody would take any part at all. The targets are not invented; they are necessary if we are to counter climate change. We owe it to our constituents to say, "That's what we've got to do and we've got to find a way of doing it," not to pretend that we can go for an easier target because it is better electorally.

Rob Marris: I humbly suggest to the right hon. Gentleman that he is completely wrong. There is no question of "solving the problem". The 80 per cent. target is proposed in order to limit climate change to an average of 2° C, not to keep at a certain level with no change. The figure of 2° C is somewhat arbitrary—indeed, anything that we do in that regard is arbitrary—but if we set ourselves up to fail, then fail we surely shall.

Mr. Weir: I will be relatively brief, as most of the issues have probably been covered by now. I welcome the amendments from the Government, who have moved a long way from where they started. I listened carefully

to what the Minister said about the Government's amendments and why they were not going slightly further than we would wish.

I appreciate the difficulties with aviation and shipping. I heard what she said about the possibility of going for a sectoral system, along the lines of the EU emissions trading scheme. I can well see how that might be attractive for aviation, since we are talking about a relatively small number of international airlines flying into the UK. However, I am not sure that that would work so well for shipping, which is a very different industry and may, I suspect, need different treatment. As an aside, the point that the hon. Member for Birmingham, Yardley (John Hemming) made about ships not always using oil is an interesting one. If I remember my history correctly, the development of warships in the early 20th century led the movement towards the use of oil to power shipping rather than steam or sails, but that is by the by.

It is important to include shipping, however, because apart from the quantity of emissions in general, there is a problem with shipping, particularly with older ships that use heavy oil, which is very polluting, thereby contributing greatly towards climate change. Aviation also contributes to climate change, but the other day I noticed a report saying that Boeing believed that it would be able to develop biofuels for aircraft within the next few years. Given the problems that have been experienced with biofuels in other areas, however, I am dubious about how much that will move matters forward.

Listening to the Minister and appreciating the difficulties, I come close to agreeing with her. However, when she talked about the need to reach international agreement, I heard the call of the long grass, because, to a large extent, that has been the problem until now.

The right hon. Member for Scunthorpe (Mr. Morley), who is no longer in his place, said that one reason that international shipping and aviation were not included in the Kyoto protocol was simply that international agreement on the issue could not be reached at that time. It seems unlikely that it will be any easier to reach an international agreement now than it was then. Indeed, given that the world is undoubtedly going into a recession—we have heard the views of some hon. Members on that today—some Governments are already trying to rein back from their green policies for fear of their impact on their national economies. The chance of reaching an international agreement is therefore receding rather than improving. The idea of being able to reach such an agreement before the Copenhagen conference is pie in the sky.

I definitely got the impression from the Minister that there had not been a great deal of progress on this matter, yet I note that the section of the Library research paper on calculating emissions states:

> "Under the Kyoto Protocol, the United Kingdom has a legally binding obligation to reduce greenhouse gas emissions by 12.5 per cent. below 1990 levels by 2008-2012. Aviation is split into domestic and international for the purpose of calculating emission levels and for Kyoto. International carbon dioxide emissions from aviation do not come under the Kyoto agreement and so are not calculated in the UK's emission...totals for this purpose".

It goes on to say that the Department for Transport

> "states that this is because 'there is no international agreement yet on ways of allocating such emissions'".

That point was made by the Minister. It goes on:

> "Despite this, under Kyoto, signatory nations do report estimates of international aviation bunker fuel emissions as a 'memo item' in their national greenhouse gas inventories."

That point is also made by Friends of the Earth. So these emissions are calculated, and I believe that that gives the United Kingdom a basis for moving forward.

Joan Ruddock: It might be helpful if I clarify this point. There is a real difference between knowing what global emissions are—having a figure for global emissions that is calculated in a particular way for this reporting under Kyoto—and being able to account for a proportion of those emissions in any particular sovereign state. That is the issue.

Mr. Weir: But there is a basis for calculating the figures for sovereign states, as I understand it, and progress has been made. This is not a question of starting with a blank sheet.

Much has been made of the point, which was raised by the right hon. Member for Scunthorpe, that we must take into account these emissions. That is also a concern of mine. In Committee, I raised concerns about the get-out clauses, the ambiguities relating to the setting of the 2050 target and the carbon budget, and the fact that economic differences and various changes should be taken into account. In my view, there are too many get-out clauses, if we are serious about attempting to reach the carbon targets that we are setting. I would be tempted to support the amendment tabled by the hon. Member for Northavon (Steve Webb) if he were to put it to a vote. It places a duty on the Secretary of State and removes some of the dubiety and some of the possibility of a get-out. That would be useful.

What is needed is leadership. We have to show the way in which these emissions are to be included in international agreements. It is all very well to talk about reaching such agreements, but I have never seen one that was quickly negotiated, and I suspect that this one will drag on as well. The Scottish Government have pledged to include aviation and shipping in their Climate Change Bill. That shows leadership, and this House should also show leadership by moving down that route.

Sammy Wilson: First, I have to say how pleased I am that, at least towards the end of the debate on this group of amendments, I heard some voices querying what is being done in this part of the Bill. That shows that there is another side to the argument. The tactic of those who have driven the Bill forward has been to give the impression that those who take a contrary view are cranks who do not care about the environment and are isolated. This is in spite of the fact that the most recent survey of climate scientists indicates that 46 per cent. of them disagree with the view that climate change is solely down to the activities of man. There is no scientific consensus on this, and there have been attempts to silence those who take a different view.

Rob Marris: Does the hon. Gentleman accept that human activity is a significant contributory factor to the change that many scientists say the climate has been undergoing in the past 50 years?

Sammy Wilson: I think I have already made it clear that 46 per cent. of climate scientists believe that climate change is not solely down to the activity of man. That

[Sammy Wilson]

means, of course, that there are scientists who believe that it is. There is an array of environmentalists, scientists and economists who take a contrary view, however, and who believe that the impact of man is not significant. I want to make it clear that I happen to share that view.

Mr. Chaytor: I am curious about the 46 per cent. of climate scientists. Will the hon. Gentleman tell the House why none of them is represented on the United Nations Intergovernmental Panel on Climate Change, which is the authoritative body? Is this a global conspiracy?

Sammy Wilson: If one looks at the second IPCC report, one can see that Sir John Houghton suggested that he had excluded the views of some of those scientists because they did not fit in with the general view. There is a wide range of views among scientists who were engaged on the panel, and other views were deliberately excluded.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Will the hon. Gentleman give the House the source of his assertion that 46 per cent. of scientists disagree with the view that climate change is caused by human activity?

Sammy Wilson: I do not have the names of the two scientists involved, but they are associated with the Hamburg institute. The latest revision of the relevant survey took place in 2005, so this is a fairly up-to-date assertion. Indeed, let us look at some of the comments on the IPCC report. *The Wall Street Journal* talked about a "cover-up in the greenhouse" and pointed to some views having been suppressed.

Mr. Tyrie: Professor von Storch, who is probably Germany's leading climate scientist, undertook that survey. Unfortunately, it has not been given a wide enough circulation. That same survey showed that one third of climate scientists did not believe that the lion's share of recently observed warming was anthropogenic in nature. Is the hon. Gentleman aware that a significant proportion of IPCC scientists have resigned in disgust because their views have not been reflected in the reports? They include some of the world's leading climate scientists, such as Professor Richard Lindzen, who has said that

"only the most senior scientists today can stand up against this alarmist gale".

Colin Challen: On a point of order, Mr. Deputy Speaker. Will we be able to return to the question of aviation and shipping shortly?

Mr. Deputy Speaker (Sir Michael Lord): These are matters that hon. Members can safely leave to the Chair.

6.30 pm

Sammy Wilson: I accept that I was probably led astray by the Members who intervened; they diverted me from the point that I was briefly trying to establish. I was arguing that a wide range of people are still sceptical about the main causes of climate change, which brings me to my point about the inclusion of aviation and shipping in the Bill.

If we have already gone down the road of including a wide range of our industries, our domestic fuel consumption and a number of climate-change regulations, the impact will be compounded when we include shipping and aviation. As others have pointed out, all this has been done without any indication of the cost to the relevant industries. I noted what the right hon. Member for Suffolk, Coastal (Mr. Gummer) said about industries paying for the cost of the carbon they use, but the truth of the matter is that it is not some anonymous "they", as in a shipping or airline company as, eventually, this comes down to costs that are passed on to consumers, travellers and all of us in respect of transporting our food to the shops where we purchase it. Those are real costs that our constituents will have to pay.

Barry Gardiner: Is the hon. Gentleman aware of the research carried out by Lord Stern and others, showing that the costs of inaction are substantially higher than the costs of acting to mitigate climate change now?

Sammy Wilson: I note that, but as was pointed out earlier, the discount rates in Lord Stern's report grossly exaggerate the benefits of taking action and underestimate the cost of doing so. In artificially applying a 2 per cent. discount rate, he of course got the answer that he wanted. By any stretch of the imagination, costs amounting to 2 per cent. of gross domestic product will have a massive impact on our ability to finance public services. Again, those costs will be felt by individuals.

Some of the costs identified by Lord Stern—the impact on flooding, on food production and so forth—were predictions based on models with hundreds of variables. Even scientists have accepted that they do not understand all the connections between those variables. The hon. Member for Brent, North (Barry Gardiner) will know something about economic modelling, but climate change modelling is even more complicated and even less certain. We already know the impact of some economic models and we know how true the connections have been. The inclusion of aviation and shipping in the Bill has been accomplished without spelling out the costs. We will all be held responsible and we will all be held to account for that. What are the costs for our constituents? They have not been spelled out.

Secondly, as has emerged from a number of speeches, the degree of state and international planning involved in the whole exercise is considerable. Indeed, the hon. Member for Bexhill and Battle (Gregory Barker) pointed out that there are often unintended consequences in pursuing state and international planning. I heard the enthusiasm of some Conservative Members; they usually argue in favour of the working of the market and the market economy, yet some of them seemed to embrace a degree of state control and state planning that would make some of the left-wing Labour Members cheer and clap at the prospect. My second point, then, is that there will be a huge increase in Government regulation and Government interference in the economy, with all the consequences that will follow, yet we know how successful state planning has been in the past.

Thirdly, all this pain will not have an impact on CO_2 emissions in any case, because most of them are to be taken up by the use of the emissions trading scheme, whereby permits to pollute and produce emissions can be bought. We have already heard about caps, but

Europe is awash with permits at the moment. To get Russia involved in the Kyoto protocol, it was given permits based on 1990 levels—when, of course, CO_2 emissions from huge, inefficient and dirty state industries were massive. Many of those industries have closed down; their emissions are no longer. However, the ETS mechanism will enable aviation and shipping industries to purchase, from Russia and other countries awash with emissions, certificates to produce CO_2 emissions that are not currently being produced. Rather than a reduction, we could actually see an increase in CO_2 emissions. The impact will only add to the costs of industry, which will then be borne by consumers and people who wish to travel.

The hon. Member for Northavon (Steve Webb), speaking for the Liberal Democrats, said that he thought this was more a nudge and a wink, and that nothing much would be done at the end of the day as the Government would find ways around meeting the targets. That might well be the best result. The problem is that in the interim we are going to face additional costs and additional disadvantages to our economy.

My hon. Friend the Member for South Antrim (Dr. McCrea)—he totally disagrees with my views on this issue, incidentally, but I agree with him on this—pointed out that those costs will not be felt evenly. Some constituencies will suffer the costs much more heavily than others. If we are going to vote this Bill through, we should at least make people aware of the impact it is likely to have on them, their livelihoods and their economic activities.

David Taylor (North-West Leicestershire) (Lab/Co-op) *rose—*

Sammy Wilson: I was about to close, but I will give way to the hon. Gentleman.

David Taylor: I thank my hon. Friend—well, he is a friend outside the Chamber—for giving way. In articulating the case that outcomes are uncertain, costs substantial, modelling complex and time scales very lengthy, is he not putting forward a counsel of despair, a prediction of inertia or a "do nothing" approach in the face of global problems? Surely that is not the impression that he is trying to give to the House, or is it?

Sammy Wilson: I shall not go into all that, as I have probably pushed your indulgence to the limit, Mr. Deputy Speaker, but there may be opportunities later in the debate to look at what can be done. If there is, as I accept, global warming, climate change and impacts stemming from them and if we are going to keep using our resources, let us look into what we can do now that will make an impact now—not some time in the future, when, as has already been pointed out, most of us will not even be in the House anyway!

Joan Ruddock: I note from the clock that we have spent three hours on the first group of amendments; we have five such groups and only five hours of debate. I propose not to respond to all the issues raised, but just to some of the most direct ones that were put to me.

The hon. Member for Bexhill and Battle (Gregory Barker) asked about the definition of international aviation and shipping. We have not yet defined it, but there is a provision in the Bill whereby we will be able to provide it in due course. We will, of course, consider all possibilities. The hon. Gentleman also effectively criticised us in saying that this is a framework Bill whereas we really need to know what is going to be done to put it all in place. I remind him that as soon as is reasonably practicable after we have set our carbon budgets, we shall have to publish a report saying exactly that: what we will have to do in order to meet those carbon budgets. That is in clause 13, as currently drafted.

The right hon. Member for Suffolk, Coastal (Mr. Gummer) raised many interesting points. He focused chiefly on shipping, which he suggested should be dealt with separately. The Bill does allow us to treat aviation and shipping separately, for precisely the reasons that he gave. The hon. Member for Angus (Mr. Weir) made a similar point.

The right hon. Member for Suffolk, Coastal questioned our commitment to working with the International Maritime Organisation. I referred earlier to the amount of energy we had put into working with the IMO, and how we had pushed forward the work being done. As I said then, we have made a voluntary contribution of £50,000 to the funding of a study of the important subject of greenhouse gas emissions from ships. I assure the right hon. Gentleman that we are on the case and will continue to press it, because we understand how important it is.

At times this evening, it seemed as though Members had never flown and did not intend ever to fly in the future. I must tell them that aviation currently accounts for 6 per cent. of our emissions, and that shipping accounts for just over 1 per cent. We must keep in proportion the contribution that each makes to our economy and the cost in terms of emissions at this time. We know that there will be huge increases in the future, but we must understand where we are now. Of course, it will take time for progress to be made.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the Minister give way?

Joan Ruddock: I do not think I should. We are running badly behind time.

The right hon. Member for Hitchin and Harpenden (Mr. Lilley) questioned the costs involved, as he has on previous occasions. The shadow Committee on Climate Change estimates the cost to the United Kingdom of meeting an 80 per cent. greenhouse gas reduction target to be between 1 and 2 per cent. of GDP in 2050. That was set out very clearly, and, as the right hon. Gentleman knows from the Stern report, most of us—although that may not include him—accept that the costs of inaction are much greater than the costs of action.

We broadly agree with the range that the Committee has identified. In overall terms, costs of between 1 and 2 per cent. of GDP in 2050—

Mr. Lilley: Will the Minister give way?

Joan Ruddock: Not at the moment. Let me tell the right hon. Gentleman that costs of between 1 and 2 per cent. of GDP in 2050 would mean that the United Kingdom economy would be 3.17 times larger in 2050,

[Joan Ruddock]

rather than 3.2 times larger. There is a cost; estimates exist. The fact is that we know that not acting would cost us dearly.

Mr. Lilley: Will the Minister give way?

Joan Ruddock: The right hon. Gentleman has made his points many times before.

Mr. Lilley: No, I have not.

Joan Ruddock: He made them on Second Reading and he has made them again today, at some length.

Details of costs will be informed by the formal advice that the Government will receive from the committee for the first time in December. The right hon. Gentleman has only to wait until then.

The hon. Member for South Antrim (Dr. McCrea) made a number of points about the potential disadvantage that would be suffered in Northern Ireland. Let me assure him that the Secretary of State must consult the devolved Administrations on amending targets, setting budgets, and any proposals and policies for meeting budgets.

My hon. Friend the Member for Nottingham, South (Alan Simpson), my right hon. Friend the Member for Scunthorpe (Mr. Morley) and my hon. Friend the Member for Bury, North (Mr. Chaytor) produced strong and cogent arguments for why the House should not divide on the Liberal Democrat amendments. It is clear to us that, as has been acknowledged by Conservative Members in particular, we have moved considerably on the Bill. We now have a procedure that will enable us to receive advice that takes account of international shipping and aviation.

Steve Webb: It is just advice.

Joan Ruddock: The hon. Gentleman may say that, but we have included in this flagship Bill provision for an independent Committee on Climate Change, which already exists in shadow form. It is regarded as a committee of great stature, which will continue to be the case.

Steve Webb: It can be ignored.

Joan Ruddock: I think that when we consider the Bill's passage—how we are moving towards, we hope, an Act of Parliament—the hon. Gentleman will understand that the world will be watching us, and the House will be watching us. There is total transparency in the way we intend to conduct ourselves, and I assure the hon. Gentleman that we will take the greatest note of, and have the greatest respect for, the advice of the Committee on Climate Change. As I have said, transparency is guaranteed.

We wish to accept amendment No. 72, which adds to our new clause 5.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 16

CARBON EMISSIONS REDUCTION TARGETS

'Schedule [Carbon emissions reduction targets] contains amendments to the provisions of the Gas Act 1986 (c. 44), the Electricity Act 1989 (c. 29) and the Utilities Act 2000 (c. 27) relating to carbon emissions reduction targets.'.—*[Joan Ruddock.]*

Brought up, and read the First time.

6.45 pm

Joan Ruddock: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 10—*Sectoral targets*

"2A Sectoral Targets

(1) For the purpose of assisting with the achievement of the target specified in section 1, or any amendment thereto made pursuant to section 2, the Secretary of State must take all reasonable steps to ensure that the government sectoral targets for the time being specified in subsection (2) are achieved.

(2) The sectoral targets referred to in subsection (1) are—

(a) by 2020 the general level of energy efficiency of residential accommodation has increased by at least 20 per cent. compared with the general level of such energy efficiency in 2010;

(b) by the end of 2010 the general level of energy usage in the commercial and public services sector has reduced by at least 10 per cent. compared with the general level of such energy usage in 2005 and by the end of 2020 by at least 10 per cent. compared with the general level of such energy usage in 2010;

(c) as soon as is practicable the number of dwellings with one or more microgeneration installations shall be eight times the number of dwellings with one or more microgeneration installations in 2007.

(3) In this section—

"the commercial and public services sector" means—

(a) commercial and business premises, excluding industry;

(b) retail premises, including warehousing;

(c) hotels and restaurants;

(d) premises used for the provision of any service or function by or on behalf of a public body.

"microgeneration" has the same meaning as in the Energy Act 2004.'.

New clause 11—*Greenhouse gas emissions performance standard (electricity generating stations)*

'(1) The Secretary of State may make provision by regulations for a greenhouse gas emissions performance standard to set the maximum level of carbon dioxide that may be emitted per unit of output by any generating station requiring consent for construction or extension under section 36 of the Electricity Act 1989 (c.29).

(2) Regulations made under subsection (1) may include provision—

(a) specifying how proposed generation stations are able to comply with any greenhouse gas emissions performance standard, and to demonstrate compliance with any regulations made under this section, including by the capture of carbon dioxide at the generating station and its transport to and injection into geological storage provided that such activities are licensed in accordance with applicable laws and regulations;

(b) specifying the basis on which emissions of greenhouse gases from combined heat and power generating stations shall be calculated such that the unit of output includes useful heat produced in addition to electricity generated by any such generating station;

(c) specifying any sources of electricity generation, including electricity generated from renewable sources, that are deemed to be compliant with any greenhouse gas emissions performance standard.

(3) No consent shall be granted under section 36 of the Electricity Act 1989 for any generating station that does not comply with regulations made under subsection (1).

(4) Before making regulations under subsection (1) (including setting the level of the greenhouse gas emissions performance standard), the Secretary of State must consult such persons as are likely to be affected by or have an interest in the regulations.

(5) Regulations made under subsection (1) shall be made by statutory instrument, which may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.

(6) In this section—

"greenhouse gas emissions performance standard" means a standard prescribed by regulations setting the maximum level of carbon dioxide that may be emitted per unit of output from an individual generating station.'.

Government amendment No. 45

Government new schedule 1—*Carbon emissions reduction targets.*

Government amendment No. 51.

Joan Ruddock: The new clauses and amendments contain various proposals to tackle emissions from particular sectors of the economy. The Bill's overarching objective is to ensure that each budget is met, along with the 2050 target. In environmental terms, it does not matter where in the economy the emissions reductions come from, and we consider it important to retain the flexibility to act wherever it is most cost-effective to do so.

The Government new clauses and schedule give effect to our commitment to creating a new community energy savings programme, as announced by the Prime Minister on 11 September. The House will be familiar with the existing CERT scheme—the carbon emissions reduction target scheme—under which the major energy suppliers are obliged to promote carbon-saving measures to households in Great Britain. Each of the various measures has a score that is defined in terms of carbon reductions, and each supplier must meet a target level of carbon emissions reductions over the three years of the programme.

As I think all Members will acknowledge, energy efficiency is never more important than at a time when rising energy prices have made it so difficult for large numbers of people to afford to heat their homes adequately. We need to ensure that vulnerable households obtain all the help that they can. It was with that in mind that the Prime Minister launched the home energy savings programme, a suite of measures designed to help households to save both money and energy.

The package included two significant changes to CERT arrangements. First, the Prime Minister proposed a 20 per cent. increase in the existing CERT target, and additional amendments to strengthen the CERT scheme. Both can be achieved without changes in primary legislation. Secondly, he announced proposals for a new community energy savings programme. The new clauses and amendments make the necessary changes to enable the Secretary of State to introduce secondary legislation creating the new scheme, which will be based on the CERT model but will have a number of novel features.

The precise arrangements will be subject to consultation, and we do not yet have fixed ideas, but one of the key features is that the scheme will be community-focused. It will be designed as far as possible to bring together the activity of the energy companies with that of local authorities and other key organisations in a particular area. We want action to be joined-up and comprehensive, and we want to see real community delivery on a house-by-house, street-by-street level. I know that a number of my hon. Friends, and indeed other hon. Members, have called for such an approach.

Joan Walley (Stoke-on-Trent, North) (Lab): I welcome the proposals that my hon. Friend is describing. Can she assure me that she will take account of areas such as Stoke-on-Trent, where we already have a warm zone scheme, so that we can ensure that all the partners dealing with energy efficiency work side by side, not just on fuel poverty but on energy efficiency?

Joan Ruddock: I can certainly give my hon. Friend that assurance. I pay tribute to her for the work that she has done, and for the way in which she continually brings to Ministers the views of her constituents on how well the programmes have worked on the ground.

Sir Robert Smith: As the Minister will know, people who are not on the gas main find it extremely difficult to heat their homes, especially as they have to rely on oil and other fuels. Will the new scheme allow CERT to be redirected, to recognise the benefits of heat pumps both in providing a cheaper means of heating the home and in reducing carbon emissions?

Joan Ruddock: I am a bit of an enthusiast for heat pumps, and I am very much alive to the issue that the hon. Gentleman raises. I want us to be able to look at these schemes to see whether more assistance can be provided to people who are off the gas main—but, as I have said, we have not yet worked out the details. However, there will be consultation and we will, of course, be pleased to hear from the hon. Gentleman.

The new scheme will be funded and delivered by the energy suppliers and, for the first time, by the energy generators too. The generators are not at present covered by CERT, but we believe that all companies in the energy market now have a responsibility to help those in need of support. I am grateful for the constructive spirit in which the generators are already approaching the new proposals.

We expect to set the carbon savings target for the community energy savings programme at 12.5 per cent. of the current overall CERT target, equating to collective expenditure by the energy companies estimated at about £350 million over three years. I look forward to receiving input from a large number of parties as we refine the proposals, but for the moment we need to establish the powers that will allow us to flesh out the details of the scheme more fully in a statutory instrument, and that is what our Government amendments achieve.

New clause 10 would add to the Bill specific energy efficiency, energy usage and microgeneration targets. We recognise that we will need to deliver in each of those areas in order to meet the targets and budgets that the Committee on Climate Change will undoubtedly advise us of, but new clause 10 would remove the

[Joan Ruddock]

flexibility that we consider essential to the overall framework that maximises cost-effectiveness. We recognise the importance of providing increased certainty regarding which sectors of the economy will be required to act to ensure that we meet the targets and budgets, and that is why we amended the Bill on Report in the other place to provide greater sector-specific transparency.

The Bill contains a number of provisions to ensure that sector-specific issues are covered. Clause 33 requires that the Committee on Climate Change's advice on the level of carbon budgets must set out the sectors of the economy in which there are particular opportunities for contributions to be made to meeting that budget. That is supplemented by the requirement in clause 13 for the Government's report on proposals and policies for meeting carbon budgets to explain how the proposals and policies affect different sectors of the economy. Together, those requirements will ensure that a forward-looking process is in place for both the Committee on Climate Change when it provides its advice, and the Government in setting out how the proposals and policies for meeting a budget may affect different sectors.

Mr. Gummer: Will the Minister explain why she has not taken this moment to ensure that the arrangements, particularly for the electricity and gas industries, include the introduction of smart metering, so that every one of us can play a part in making these decisions?

Joan Ruddock: I understand that we all have our enthusiasms and that the right hon. Gentleman has an enthusiasm for smart meters. We are very alive to this issue as well, and we will continue to be so—and I understand that it has been a subject of debate in the other place's discussions of the Energy Bill today.

Let me briefly turn to microgeneration, which is one of the areas new clause 10 covers. As hon. Members will be aware, in considering the Energy Bill on Report in the other place on 22 October, my noble Friend Lord Hunt of Kings Heath committed us to introduce an amendment to the Energy Bill to support small-scale generation by means of a feed-in tariff. The details of the amendment, including the level of an upper limit for the feed-in tariff, are still being considered, but it will be tabled ahead of Third Reading in the other place on 5 November. It will be an enabling power, and we aim to consult on these issues next summer.

Gregory Barker: This very belated conversion to feed-in tariffs—which the Conservatives have been campaigning on for two years now—is very welcome, but we have yet to see the detail, and as the detail will be of critical importance, can the Minister now tell us who will pay for the feed-in tariff? *[Interruption.]*

Joan Ruddock: As my right hon. Friend the Secretary of State has just pointed out from a sedentary position, our Department has been in existence for only three weeks, so we think we are acting rather swiftly. I have already said that details are not yet available, so I am not in a position to give the hon. Gentleman any more information.

Lynne Jones: My hon. Friend says that the new Department is acting swiftly, but I have just heard her say that the consultation will not take place until next summer. I take on board the point that the proposals need to be drawn together, but since there are established mechanisms in neighbouring EU countries, I should not have thought that it would take until next summer just to start the consultation.

Joan Ruddock: I hear what my hon. Friend says. I was advised on this, and there are procedures, but I am more than willing to look into the matter she raises, because I share her interest in making things happen faster.

In summary, new clause 10 may restrict the Government's ability to introduce policies to ensure the requirements of the Bill are met cost-effectively. For that reason and the others I have mentioned, I cannot agree to the amendment.

New clause 11 would introduce a specific cap for emissions per unit of output from the power sector. We have three main difficulties with this amendment, which, as I understand it, is designed to prevent the construction of new coal-fired power stations without carbon capture technology. First, there is no guarantee that it would reduce UK emissions, and certainly not within the EU. Secondly, it may have the effect of slowing down or halting the development of carbon capture and storage technology, which would make it harder to reduce our carbon dioxide emissions in the long term. Thirdly, it would risk jeopardising the security of the UK's energy supply.

I am sure that I am required to give a little more detail, so I shall oblige. The EU emissions trading scheme caps emissions from all UK power stations over a 20 MW threshold, and is key to achieving emissions reductions while maintaining a secure and diverse supply of energy. Under EU proposals currently being discussed, the EU ETS cap is expected to continue to decrease up to 2020 on a scale calibrated to enable the EU to meet its 2020 climate and energy targets. As the cap tightens, power station operators will need either to reduce their own emissions or to buy carbon allowances, thus financing emission reductions elsewhere in the EU economy. That trading mechanism ensures that abatement occurs at the least-cost location, which is one of the scheme's key principles. In this context, the proposed amendment might affect where the EU's emissions come from, but not the overall level, which is determined by the level of the cap. That is an important point. The cap ensures that there can be no more emissions, even if new capacity is produced.

By putting a price on carbon, the EU ETS encourages investment in new, more efficient power stations and technologies with lower emissions. The proposal may, on the other hand, have the perverse incentive of encouraging older, less efficient fossil fuel power stations to keep operating by cutting off the option of building new, more efficient fossil fuel power stations in the UK.

Gregory Barker: Is the Minister therefore saying that this Government would condone and want to see the building of new coal-fired power stations without carbon capture and storage?

Joan Ruddock: Clearly, we are not prejudging the issue, but I must make the following point to the hon. Gentleman. If, for example, a new coal-fired power station replaces an ageing coal-fired power station and the new station has a 20 per cent. increased efficiency over the old, even without carbon capture and storage there might still be a benefit.

Mr. Graham Stuart: Surely when the energy sector is the one sector through which, using today's technology, we can deliver a roadway to zero emissions, to replace current capacity with a system that has only a 20 per cent. reduction in energy use and that will be in place for decades to come is to put up the white flag of surrender.

Joan Ruddock: I repeat that we are not prejudging the decision, but the new clause would prejudge any decision.

Mr. Gummer: May I help the Minister not to prejudge it by saying that if we build a new power station that is 20 per cent. more efficient, it will also have a much longer time in operation? If we are talking about 2050, what we do about carbon capture and storage really is an issue to consider. Conservative Members would like at least the provision for a real step forward to be put in place before we endanger the long-term arrangements.

7 pm

Joan Ruddock: I share the right hon. Gentleman's aspirations. We are one of the few countries in the world that will allow for a demonstration of carbon capture and storage, and the Government have been very active in pressing on that issue. Of course, there is always the possibility that we can get the technology working and make use of it in future.

Paddy Tipping (Sherwood) (Lab): Will my hon. Friend remind me of the Government's policy on carbon capture and storage? Are we not one of the few countries in the world that are supporting it? Are we not one of the few countries that are in discussions with the EU about it, talking about some of the 12 demonstration plants that are coming to Great Britain? On a more critical point, I know that my hon. Friend will not want to comment on Kingsnorth power station, but it would make sense to make early decisions and announcements, whatever they are.

Joan Ruddock: I am always keen to go further and faster, so I understand my hon. Friend's point, but I am not going to speak about that particular installation and its application tonight. I do wish to say, however, how grateful I am to him for reminding the House of the Government's enthusiasm for carbon capture and storage. Not only do we wish to seek a project in this country, but we have been very active in the EU and supported its programme for a number of plants. In addition, critically, we are working with China, which will continue to have coal-fired power stations for decades and decades. If carbon capture and storage matters here, it matters much more in China.

Gregory Barker: If the Minister is right that the Government are leading the world in carbon capture and storage, will she tell the House what resources they are putting behind a CCS programme? Is it just the miserable tens of millions of pounds over a period of years to which a ministerial colleague of hers has referred? With how much is she prepared to back her words?

Joan Ruddock: I might invite the hon. Gentleman to consider how much he wants to back—*[Interruption.]* Oh, he says that he is committed and signed up.

Gregory Barker: ETS credits.

Joan Ruddock: Oh, it is coming from the ETS credits. Fine.

Mr. Deputy Speaker: Order. We cannot have casual, chatty conversations. Proper interventions are far more satisfactory.

Martin Horwood *rose—*

Joan Ruddock: I give way to the hon. Gentleman.

Martin Horwood: Given the Minister's claim that we are in some kind of leadership position on carbon capture and storage, will she congratulate China on having a working demonstration project well ahead of us? Does she therefore regret her predecessor Department's decision to have a carbon capture competition so narrowly drawn and poorly funded that it led to the cancellation of carbon capture projects in this country?

Joan Ruddock: I would take issue with the hon. Gentleman's last remark. I do not think that it has ever been claimed that the decision not to go ahead at Peterhead, to which he refers, was the result of Government action. It was a private decision by a private company. I reiterate that we are enthusiastic about carbon capture and storage. Believe me, we raise it in every international forum, we are doing the work on the ground and we will have a project. I congratulate China on that and on many other aspects of its move to low-carbon technologies.

Mr. Chaytor: When does the Minister expect the results of the CCS competition to come through, and when will it be feasible for CCS to be retrofitted to existing power stations?

Joan Ruddock: I am sorry that my hon. Friend has posed that question, because I am not in a position to give him an answer. The process is being gone through, and I cannot give him that information today. I am sorry.

Lynne Jones: I have supported new clause 11. Given the reservations of my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) about the feasibility of achieving the 80 per cent. target by 2050, including in aviation, I am horrified that we should be supporting new power stations that are only 20 per cent. more efficient in carbon dioxide emissions. Surely if the new clause were accepted, it would be an incentive to people wanting to build new power stations to have to invest in carbon capture and storage technology. How can we contemplate giving permission for a coal-fired power station without carbon capture and storage?

Joan Ruddock: Perhaps my hon. Friend will listen to the rest of my remarks and then make up her mind about what she has just said and how she wants to react. Because I have taken interventions, I have not been able to get to some of the remarks that I want to make, which I think will cover some of her points.

Ruling out new, more efficient coal stations now would be likely to hamper the development of carbon capture technology, as I have indicated. The efficiency penalty associated with the capture of carbon dioxide

[Joan Ruddock]

makes retrofitting the technology to older, less efficient power stations a much less attractive option than installing new build. The right hon. Member for Suffolk, Coastal (Mr. Gummer) said that such stations would be in use for a much longer time, but it remains the case that it would be more attractive to link carbon capture and storage to a new station than to retrofit an old one.

Dr. Strang: This point is hugely important. As far as Peterhead is concerned, that was gas, and sadly we can now leave that matter parked. The fact is that we need both systems so that we can retrofit and build power stations with new CCS. That is the problem. There is real concern that we need to be putting in a lot more resources.

Joan Ruddock: I thank my right hon. Friend for his contribution. I am trying to say to the House that it will be easier to build a new power station, and the incentive will be there. New clause 11 would rule out a new power station. I am not speaking generally, I am speaking to the new clause and the fact that it would rule that out. As I understand it, the new clause specifies that no new coal station should be built unless it had carbon capture fitted, but at the moment it is not possible to fit that technology because it is not available on a commercial scale.

Gregory Barker: The hon. Lady is absolutely right. Let me be absolutely clear: the Conservatives are saying that no new generation of dirty coal will be built under a Conservative Administration.

Joan Ruddock: As I have already said, that prejudges the issue. As I wish to come on to say, there are other issues involved, not least security of supply. My right hon. Friend the Member for Edinburgh, East (Dr. Strang) said that we need to have both, and we not only want to have retrofitting if it is possible, but we certainly want linkage to new facilities. The technology applies to gas as well as coal, of course. CCS is not simply a coal technology.

Gregory Barker: The hon. Lady is speaking good sense. Unfortunately, she is not articulating Government policy, which is to have just one form of technology. She should therefore support the Conservatives' much more ambitious CCS proposal, which is for post-combustion, pre-combustion and oxycombustion capture. If she would like to join us in our costed, ambitious programme, that would be great. Unfortunately, all that she has to defend is a rather piddling, unambitious, sometime never CCS programme.

Joan Ruddock: I do not think that I need to respond to those remarks.

Barry Gardiner: Will my hon. Friend be kind enough to confirm that if we were to accept new clause 11, as proposed by the Opposition, it could leave the country vulnerable? Old power stations would come to an end, so if CCS was not commercially viable, there would be no replacement facilities and, therefore, new clause 11 could put us in a position where the lights went out.

Joan Ruddock: I never want to anticipate the lights going out, but I can confirm that everything else my hon. Friend said is correct.

Mr. David Heath (Somerton and Frome) (LD): I am puzzled, because the Minister has said on a large number of occasions that she does not want to prejudge these matters, yet is not the entire Bill based on prejudging the issues and on the fact that we do not want highly polluting technologies that will prevent us from reaching our climate change targets?

Joan Ruddock: I am sorry, but I cannot agree with the hon. Gentleman.

Several hon. Members *rose—*

Joan Ruddock: I wish to make some progress now, not least because I want us to get to the other groups of amendments.

We need new, efficient coal power stations if we are to encourage and support the crucial development of CCS technology. New clause 11 would adversely affect our energy security objectives. We are facing particular energy security challenges at the moment. Coal and oil-fired power stations producing 12 GW—equivalent to 20 per cent. of peak demand—are due to close by 2015, and that is in addition to the closure by the end of 2023 of nuclear power stations that produce about 5 GW. That will make us increasingly reliant on imports of gas, with all that that means.

Mr. Graham Stuart: I am trying to follow the hon. Lady's argument about how brand new coal-fired power stations, which pump pollution into the atmosphere, will be easier to retrofit with yet-to-be-developed technology than old ones. Is it not possible that we will discover that brand new supercritical power stations turn out to be harder to retrofit when we eventually obtain the relevant technology? Does she have any evidence to back up her claim that new power stations will be easier to retrofit than old ones?

Joan Ruddock: What I know is that new clause 11 says that we should not have any new coal-fired power stations unless a particular technology—CCS—is available, but the fact is that it is not available at the moment. An issue is being prejudged, and I am making a case against new clause 11.

Although we hope for a major expansion of renewables and nuclear power, those technologies alone will not meet all our electricity needs, especially given that we will need flexible power stations that are able to provide back-up support because of the intermittency of renewable generation. Without coal, the only option is gas, and that has all the implications for energy security that I have mentioned.

We take seriously the need to reduce emissions from fossil fuel power stations. Significant improvements in design specifications already mean that new coal-fired plants would, as I have said, emit approximately 20 per cent. less carbon dioxide than older coal-fired power stations. Moreover, CCS offers the possibility of still further reductions; there is potential for a reduction of up to 90 per cent. in carbon dioxide emissions from fossil fuel-burning power generation.

I hope that the combination of these arguments—the duplication of the effect of the EU ETS cap; the possible undesired impact on the development of CCS, and the energy security concerns it raises; and the actions we are taking to promote CCS technology—are sufficient to persuade the hon. Member for Bexhill and Battle (Gregory Barker) not to press new clause 11 to a Division.

Gregory Barker: Anyone who has heard me speak about climate change will know that my party has long recognised that the benefits of moving to a more efficient, low-carbon economy extend far beyond just stabilising our global climate. Shifting to a low-carbon economy will also mean saving ordinary people money by making their homes, and even their businesses, more energy-efficient.

That is why I wish to speak in support of the Government's amendments to the Electricity Act 1989 in order to enhance the role of the carbon emissions reduction target. New schedule 1, new clause 16 and amendments Nos. 45 and 51 will all receive the support of Conservative Members because we consider them the right thing to do. We wonder why these actions are so long overdue, but we welcome them nevertheless. As we debate this issue in late October, one wonders why serious action to stave off fuel poverty this winter was not taken earlier by this Government.

7.15 pm

I am also highly sympathetic to new clause 10, which was tabled by the hon. Member for Morley and Rothwell (Colin Challen), who is one of the House's experts in this area. His proposal to improve energy efficiency in the residential sector and in the commercial and public sectors touches on a vital issue.

Mr. Gummer: Would it not be easier to do all this if home owners could see, at a glance, how much money they were spending on the energy that they were using? Why are we still waiting for smart metering to be rolled out, given that the relevant legislation is in place—if only the Government would activate it?

Gregory Barker: Sadly, I cannot give my right hon. Friend a good answer to that. Conservative Members have been champions of proper, real, intelligent smart meters, and of an ambitious programme to roll out that modern technology. I do not know why the Government have dragged their feet and will not heed the opinion not only of Conservative Members, but of Members from across the House that there should be a far more ambitious roll-out of real smart meters. It is regrettable that the Government have not taken advantage of the Energy Bill to introduce a more ambitious programme.

Paddy Tipping: I support the hon. Gentleman on the introduction of smart metering. He will know that discussions are taking place on that subject in the other place today. He talked about an ambitious roll-out, so will he tell us how he proposes it should be done? What will the cost be? What will the cost to the consumer be? If he has answers to all those questions, the House would be keen to hear from him.

Gregory Barker: I am not going to be drawn any further, because I am mindful of the time. If the hon. Gentleman would like to listen to the energy debate in the other place or read the *Hansard* account of it, he will discover an extensive extrapolation of our policy, in which all his questions will be answered.

New clause 11 is the provision on which I most wish to focus. It proposes the introduction of an emissions performance standard, which I consider vital if we are to meet the ambitious targets inherent in the Bill. Those ambitions are shared across the House, and support for new clause 11 extends well beyond the Conservative Benches. The Conservative policy enshrined in new clause 11 is modelled on the Californian example, which was introduced in January 2007. It requires all new base load generation serving the Californian market to have emissions no greater than those of a modern gas power plant: 500 kg of CO_2 per megawatt-hour. By contrast, even advanced technologies, to which the Minister alluded, such as the new supercritical units proposed for use at Kingsnorth in Kent, will, in the absence of CCS technology, operate at the much higher level of approximately 700 kg of CO_2 per megawatt-hour. Governor Schwarzenegger described the emissions performance standard as being similar to the standards set for appliances such as fridges,

"where there are minimum performance standards and beyond that it is up to the market to compete, as long as they meet or exceed the minimum standard".

Colin Challen: On new clause 11, what level of kilograms of CO_2 per megawatt-hour does the hon. Gentleman have in mind? If I recall, Lord Turner said last week that the UK's current performance level is about 450 kg of CO_2 per megawatt-hour and by 2030 that should have reduced to 50 kg of CO_2 per megawatt-hour.

Gregory Barker: Initially, 500g kg of CO_2—

Colin Challen: That is an increase.

Gregory Barker: Clearly, we would look to push that down in the future, with the advent of technology. However, until we have the CCS technology on-stream, we would not wish to push it lower. That figure is a sensible middle course between the most ambitious target and the Government's target, which is—unfortunately—the least ambitious.

Our EPS policy is clearly defined, transparent, non-discriminatory and verifiable. It would guarantee equality of access for EU electricity companies to national consumers. In his 2006 review, Lord Stern said:

"Carbon pricing alone will not be sufficient to reduce emissions on the scale and pace needed...Effective action on the scale required to tackle climate change requires a widespread shift to new or improved technology in key sectors such as power generation, transport and energy use".

It is the opinion of pro bono legal advocate Client Earth, in its submission to the Department for Business, Enterprise and Regulatory Reform carbon capture and storage consultation in 2008 that the Government's description of CCS readiness is a

"a vague and meaningless definition that does not create effective incentives or requirements for private sector energy companies to make the necessary investments that are required".

Mr. Gummer: Could not a deal be done between the Opposition and the Government on this issue? Could we agree if the Government gave real sense to what they mean by "readiness for carbon capture" so that it was clear that any new power station would have that technology

[Mr. Gummer]

when it became available and the money was in place? The fundamental problem is that the vagueness of the Government's position means that we have to stick to the argument that there should be no new generation without CCS. Can we press the Government to be more precise?

Gregory Barker: Regardless of what the Government say, the great benefit of our position is that it is clear: there will be no new generation of dirty coal without carbon capture and storage. The clarity of that position sends a clear signal to the market so that it can plan for investment. It is unfortunate that the Government competition has such a long timeline, is so vague and has no clear funding commitments. We are told that the funds available might be tens of millions of pounds, which is even less than would have been needed to ensure that the Peterhead CCS project stayed in the UK, instead of going to Abu Dhabi.

Barry Gardiner: The hon. Gentleman has been clear, and it is right that we have clarity on this issue. Will he be equally clear about the consequences of adopting such a position? If new generation capacity without CCS were ruled out, it is possible that, as old stations ceased generating, we would not have enough supply to meet domestic and industrial need. Does he accept that that is a clear possible consequence of his amendments?

Gregory Barker: No, I do not, and certainly that would not happen under a Conservative Government. The Government may have a one golf club policy on the energy economy, but we would look at a range of instruments to ensure a balanced and secure energy economy. We see CCS not as a way of ruling out coal in the future, but as driving forward an agenda that will ensure that we can use the UK's coal reserves and reach our 2020 CO_2 emission targets. We are more ambitious and more clear-sighted than the Government, and if we ruled out a new generation of dirty coal, we would have to have a range of policies across the energy economy. If the hon. Gentleman waits until the new year, we will unveil our climate change strategy papers and he will see the stark contrast between the Government's one-club golfing and doom and gloom-mongering, and our wide-ranging energy horizon.

Mr. David Heathcoat-Amory (Wells) (Con): Does my hon. Friend intend to accompany his proposals with a cost-benefit analysis to ensure that these mandated low-emission power stations are the best way of achieving a lower carbon emitting economy? Otherwise, we could be loading more expensive plant and higher electricity prices on British industry during a very deep recession. How confident is he that his proposals, which could be written into statute, would be the best way to achieve a lower emission economy?

Gregory Barker: I have to be frank with my right hon. Friend—without carbon capture and storage, we will not meet our targets. If we cannot decarbonise the electricity sector in the UK and elsewhere in the world, the chances of being able to meet our CO_2 targets in the next couple of decades are very slim. It is by no means the only policy tool at our disposal, but it is one that we cannot afford to throw away. He is right to say that the costs will be considerable—hundreds of millions of pounds, and perhaps even billions of pounds—but this policy would be a good use of the auctioned ETS credits that will accrue in 2012, recycling them back into the energy sector to fund research and development and innovation for UK plc. Unfortunately, the Government are sitting on their hands and have no credible policy not only on implementing CCS, but for funding or developing it.

I contrast the vagueness of the Government's unambitious policy—we can hope that that might change with the new Department and there will be an announcement in due course—with the clear policies articulated in June by the Leader of the Opposition, when he announced that the Conservative party in government would introduce an EPS standard for all electricity generated in the UK.

Steve Webb: We support the hon. Gentleman's proposal, but the Minister's response was that if emissions are capped within a cap and trade scheme, the only effect would be to produce slack somewhere else. My answer is that we should also lower the cap at the same time: is that the hon. Gentleman's position?

Gregory Barker: I cannot give the hon. Gentleman a definitive answer on what the cap should be in 2012, but his general point is correct. We see CCS not as an alternative to the ETS, but as a complementary policy. The whole point of an emissions trading scheme is that it drives technological change. I am sorry that Ministers do not accept the verdict of Lord Stern—in a report commissioned by the Government—that

"Carbon pricing alone will not be sufficient to reduce emissions on the scale and pace needed".

Perhaps the Minister can say now whether she refutes those words. If not, I hope that she will join us in supporting an emissions performance standard that is the most market friendly approach to driving CCS.

Mr. Chaytor: Regardless of the hon. Gentleman's comments about having no new coal-fired power stations without CCS, will he accept that new clause 11 would not, in itself, bring that about? It would set emission standards, but it would not say what those standards would be.

Gregory Barker: The hon. Gentleman is right. We have tried not to be overwhelmingly prescriptive, which is consistent with our approach to the Bill. We do not want to put specific figures into the Bill if possible, because technology moves on.

Mr. Chaytor: Does the hon. Gentleman accept that that admission blows a hole in his policy on CCS?

7.30 pm

Gregory Barker: Not at all. I have told the hon. Gentleman what a Conservative Government would do. We would follow the Californian model. When he sees the climate change strategy that the Opposition will publish in the early new year, he will get a full flavour of the range of policy tools that we will be deploying.

Mr. Gummer: Will my hon. Friend come back to the point about carbon capture? Would it not be helpful if we could say to the Government that there ought to be a mechanism whereby, if they could be stronger in explaining

how they were going to extend carbon capture and storage, it would be possible to have a phased introduction rather than this sharp distinction between the two sides? It seems to me that if the Government were prepared to be tougher about what such a measure would mean, the Opposition could, perhaps, come closer to the Government on the issue.

Gregory Barker: This is a very rare parliamentary occasion when I find myself in the slightest disagreement with my right hon. Friend. The beauty of our policy is that it is absolutely crystal clear. It sends certainty to the market and allows investors and the energy sector to understand that we will not countenance a new generation of dirty CO_2-polluting coal-fired power stations. We want to engage constructively with the energy sector, which is up for this if long-term leadership is provided. Earlier in the year, in that leaked exchange of letters between DBERR and the energy companies, we saw just how the whip hand is with the energy companies. The absolute failure of Ministers and senior civil servants to provide any leadership means that we have to take back the initiative and show vision and leadership. That is what the EPS standard will do. A clear statement of our intent in this policy is vital in providing market certainty.

Mr. Graham Stuart: Does my hon. Friend agree that under this Labour Government we have had posturing on climate change while there has been an absolute and consistent failure to deliver the targets that have been set? To pick up on the comments made by the hon. Member for Brent, North (Barry Gardiner), who has just left his seat, there might already be a shortfall in generating capacity in about 2017. We have potential shortfalls in energy generation and a failure to commit to cleaning up new coal when it comes on stream.

Gregory Barker: My hon. Friend is spot on.

Let me conclude on this element of the group of amendments. The ETS is a vital part of the drive to a low-carbon economy. However, unlike the Government, we do not believe that the ETS on its own will deliver enough. That is why we are on the same side as Lord Stern. As my hon. Friend the Member for Ruislip-Northwood (Mr. Hurd) said so clearly earlier, the signals being sent to the market from the ETS alone are too vague, too fickle and too weak just to rely on emissions trading. That is why we need to introduce an emissions performance standard to give real teeth to the Bill.

I am grateful for the support that the EPS has had from those on other Benches. We must give the long-term clarity that the market needs to invest appropriately in order to deliver a decarbonised electricity supply to this country within the next 30 years, through which many of the policies for meeting our 80 per cent. reduction target by 2050 can be achieved. Although we cannot vote on new clause 11 now, we will wish to put it to a vote later on.

We are broadly in favour of the measure to expand the carbon emissions reduction target, but are concerned that the Government have made fuel poverty a problem for the industry to solve rather than taking initiatives to tackle it effectively themselves. If they had done something about fuel poverty when there was still plenty of time ahead of this winter, such as when we were pointing to the sharp rise in forward gas prices earlier in the spring, they would not be expanding CERT out of necessity at a time when it is unlikely to help anybody this winter. A fairly small amount of money per household is likely to be passed on to the bill payer anyway. Do the Government now see CERT principally as a fuel poverty mechanism or as a carbon reduction mechanism?

The Secretary of State for Energy and Climate Change (Edward Miliband): Both.

Gregory Barker: When the Government first introduced the CERT order in January, we were critical of it on several counts. The order failed to explore how, in targeting vulnerable customers, the energy distributors might readily identify that group without contravening the Data Protection Act 1998. It was an unambitious response to the scale of the climate challenges that we face and, in trying to drive microgeneration, tackle fuel poverty and lower carbon emissions, it might easily have been driven at cross-purposes. However, we supported the measure then and we will support it now, as it takes much-needed action to help the fuel poor, a group that has suffered particular hardship under the Government.

According to National Energy Action, the Government slashed the budget of the Warm Front scheme this year by more than 25 per cent. for the next three years, leading to 50,000 fewer vulnerable households receiving assistance next year. The value of cold weather payments, which were introduced by a Conservative Government, declined in real terms over the last four years, failing to keep pace even with the rate of inflation, let alone with soaring fuel costs. [HON. MEMBERS: "We've just increased them."] But over four years, they have failed to keep pace.

Simple energy efficiency measures, such as cavity wall insulation and lagging boilers, will make the difference between life and death this coming winter. It is a sad testament to the Government's record on fuel poverty that today's measures, coming as they do at the end of October, will do little to tip the balance this winter.

Paddy Tipping: Will the hon. Gentleman at least acknowledge that the Government have significantly increased winter fuel payments, as has just been announced? More particularly, he recognised that the CERT scheme was paid for in the main by energy companies, and seemed to imply that that was not enough. What is his commitment? What is he saying? What money would he make available, were he in government, to retrofit existing households? How many millions of pounds is he prepared to commit now?

Gregory Barker: I shall come on to that question in just a moment, because I want to keep some structure. The hon. Gentleman is right that we welcome the expansion and improvement of the CERT scheme. We are pleased that the Government have chosen to take on board our concerns over the targeting of vulnerable customers and have provided for that support to be targeted at areas and groups as well as individuals. All fuel poverty charities tell of the difficulties in finding the fuel-poor and the further struggle in getting them to accept help. Street-by-street, postcode-by-postcode improvements mean that the most vulnerable will be lifted by the tide of change and lasting improvements to our housing stock that can be strategically mapped out to encompass those most in need.

[Gregory Barker]

The new schedule includes the energy generators as well as the distributors in the scheme. That will significantly broaden the base from which the improvements can come and more fairly spread the burden of cost to the emitters of the carbon. By allowing the expansion of the scheme, presumably to facilitate the Prime Minister's September announcement, the change will empower the Secretary of State to use the CERT approach in a broader, but also more targeted, way. If that is done wisely—I hope that it can be—that can only be a good thing.

Considering that the new schedule has been brought forward as a result of action on fuel poverty, I have some concerns about its place in a Bill whose priority is greenhouse gas emission reductions. I do not for a minute discount the fact that we need to act on fuel poverty, but we also need to be clear about the principal purpose of the Climate Change Bill. However, as the problem is urgent and in almost every case the ends are congruent, I see no reason not to support the change here and now on those grounds. To clarify, will the Minister confirm whether the Government regard CERT as a fuel poverty measure or a carbon abatement measure?

Edward Miliband: Both.

Gregory Barker: Some serious concerns have been raised that the costs of CERT will be passed straight on to the consumer, not least by the Association of Electricity Producers. That problem would be exacerbated by its expansion through the amendment, and it would be a cruel irony if this well-meaning step to tackle fuel poverty actually increased domestic fuel bills in the long term. Therefore, I hope that the Minister will reassure the House that the price increases will not be passed on to consumers and that, over the lifetime of the measures, she or her successors will continue, through the regulator, to be mindful of that danger.

Finally, the Opposition are very sympathetic to new clause 10. Although the Government have done many good things during the Bill's passage through the House, we greatly regret that they have not engaged more positively on this vital issue. We hope that they will take on board the ambitions of this new clause, and the serious concerns that exist in all parts of the House about the need for a serious delivery strategy for energy efficiency. The matter is so vital that we need such a strategy now. We simply we cannot wait any longer.

We believe that energy efficiency is about more than reducing CO_2 emissions. In the modern, 21st-century economy, it will be as important to UK plc as labour efficiency was in the 20th century. Energy efficiency will be a hallmark of a successful, internationally competitive economy going forward. That is why the Germans are placing much more emphasis on energy efficiency and have a much more ambitious 10-year target than we do. More to the point, they have a far more ambitious and thought through delivery programme to make sure that energy efficiency becomes a reality.

If the Government cannot support new clause 10 this evening, I assure the House that the Conservative party will bring forward ambitious policies to that end in the spring.

Colin Challen: I, too, welcome this Bill. It is a major step forward, and certainly a world first, so it is a great privilege to take part in this debate this evening. I rise to speak in support of new clause 10, and I also want to say a few words about new clause 11.

New clause 10 deals with what lies at the heart of a great part of our carbon emissions, 40 per cent. of which come from the building stock in this country. It provides an answer to those sceptics who talk about cost only as a burden and not as an opportunity or an investment. We have heard some of that talk this afternoon but, if we invest in homes to make them more energy efficient, people will save money and we will not have to subsidise them so much in future through the various schemes that exist. That would be an immediate gain for people today, and not just for future generations.

New clause 10 addresses three targets, and I think that I can claim correctly that all of them are existing Government policy, except that they have never been set in statute. The first target is that the general level of energy efficiency in residential accommodation should be increased by at least 20 per cent. by 2020, compared with the general level of such energy efficiency in 2010.

The 2003 energy White Paper identified that a carbon saving of 6 million tonnes from residential energy efficiency is achievable between 2010 and 2020. An answer to a parliamentary question appeared in *Hansard* on 10 March 2003, at column 11W, which identified that that saving would correspond to an energy efficiency improvement of between 18 and 22 per cent. New clause 10 therefore sets a target in the mid-range of that projection, and the Government answer makes it clear that the target is achievable.

The second target is that the general level of energy usage in the commercial and public services sector should be reduced by at least 10 per cent. by the end of 2010 compared with the general level of usage in 2005, and reduced again by at least 10 per cent. at the end of 2020 compared with the general level in 2010. Again, a parliamentary answer appeared in *Hansard* on 19 October 2005, at column 1054W, that identified that a potential reduction of 10 per cent. in energy usage in that sector was achievable by 2010. Another parliamentary question received an answer on 30 November 2005 that stated that the cost-effective potential of energy savings would be around a further 10 per cent. from 2010 to 2020. My point is that the Government have already said that the targets set out in new clause 10 are achievable.

7.45 pm

The final target in new clause 10 is to ensure, as soon as is practically possible, that

"the number of dwellings with one or more microgeneration installations shall be eight times the number of dwellings with one or more microgeneration installations in 2007."

That is not a vast increase in numerical terms, as so few dwellings have such installations at the moment, but the Prime Minister told the Green Alliance in a speech on 12 March 2007 that

"we will provide new incentives with the aim of raising eightfold the number of households which are producers as well as consumers of energy."

It is therefore clear that all the proposals in new clause 10 are existing Government policy. The Government have assessed the situation and said that all the targets are achievable.

Mr. Graham Stuart: The hon. Gentleman is making a very powerful case, and showing that all the elements in new clause 10 are Government policy. How then does he explain the hypocrisy of those on the Government Front Bench, who refuse to adopt it?

Mr. Deputy Speaker: Order. That is not a word that we tend to use in the House. Perhaps the hon. Gentleman would like gently to withdraw it.

Mr. Stuart: I would be delighted to withdraw that word, Mr. Deputy Speaker.

Mr. Deputy Speaker: Thank you so much.

Colin Challen: Why is it important to set these achievable targets, and to put them into statutory form? We need to inform ourselves about what is happening today. The investment being made in insulation and other aspects of energy efficiency is struggling to cope with our stated objectives, and many manufacturers and suppliers of equipment and insulation materials are having problems. For example, Knauf Insulation makes plasterboard and insulation materials. It does not produce a poor product—the firm is actually at the cutting edge of the industry—but it is closing its factory in St. Helens because sales are not sufficient to keep the business going.

I have also spoken to people in the microgeneration industry. They have complained about the to-ing and fro-ing—a sort of game of ping pong—that has occurred in the low-carbon buildings programme with the result that, from one month to the next, they cannot tell how much work they are going to get. When the terms of the programme were changed to reduce support for microgeneration projects, many people decided that the payback period was stretching out so far that they no longer had any interest in pursuing that course. It is therefore clear that we need to set statutory targets, and not just say that they are aims or objectives that have no force.

In conclusion on new clause 10, I should tell the House that the Department for Business, Enterprise and Regulatory Reform commissioned independent research on microgeneration that was carried out by a company called Element Energy. The research found that

"the underlying certainty and impact provided by a combination of legally binding targets and policies will drive the decisions by suppliers and their investors",

and that

"there appears to be a sensible logic for establishing a microgeneration target in the UK".

That also extends to the other proposals that I have mentioned, and these are matters that the Government have to take on board. They may not do so in this Bill, but I think that we will have to return to the issue and strengthen our objectives with statutory backing.

I want to comment briefly on new clause 11. The Opposition Front-Bench spokesman, the hon. Member for Bexhill and Battle (Gregory Barker), weakened his case tactically by allying it so much to the fantasyland of a future Conservative Government's targets. The new clause already has cross-party support, but it would have got even more support if the hon. Gentleman had just presented it on its merits.

It is perfectly sensible to set a CO_2 emissions target for new power stations. I cannot see what the objection is to that. The opposite, of course, would be to permit anything. There are different ways in which such a target could be set. The Government could say, "We'll have a target whereby new coal power stations must have such an efficient combined heat and power plant attached that even without carbon capture and storage, it would be possible for us to approve them." It would all depend on the level set. I was speaking from memory when I intervened on the hon. Member for Bexhill and Battle, but I listened to Lord Turner last week.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): Does my hon. Friend agree that new clause 11 would not prevent, say, the building of the Kingsnorth power station, as the provision is dependent on the level set? The level set could very easily be one that a modern, clean combustion plant could meet without CCS. The new clause is actually a gesture without great meaning.

Colin Challen: Yes, that is true to a great extent, except that new clause 11 provides a power for the Secretary of State to set what might be described as a kind of licensing condition. That is a suitable power for a Secretary of State to have. Of course, a future Secretary of State in a different Government could say, "We'll help Poland out by buying some of their old coal-powered power stations and setting the limit so high that we can set them up here." In that sense, my hon. Friend's point is correct, but no sensible Secretary of State would do a thing like that. The provision is about reducing the emissions from generation. Lord Turner said that by 2030, we should be aiming for emissions of 50 kg per megawatt-hour, which seems an extremely ambitious programme. If that kind of aim appears in the Committee on Climate Change's thinking when it sets its budgets, this Government—or any Government—will have a real problem on their hands. A power such as that in the new clause would help them to deal with that.

Jim Hansen at the NASA Goddard Space Flight Centre, perhaps one of the world's leading climate change scientists, has said that a complete ban on new coal-powered power stations that do not have CCS must be implemented immediately if we are to achieve our targets. Al Gore, who I think still advises the Prime Minister on climate change, is on record as encouraging young people to place themselves in front of bulldozers that are preparing to build new coal-powered plants. Of course, many such plants without CCS are to be built in the United States, unless new President Obama deals with the situation.

We should think again on the subject, and not have a "We'll do better than you" kind of debate. A lot of people outside the House are expecting clear guidance on CCS. Of course, we will have to use it to deal with the Polish and German problems in the EU; there is a great dependency on coal in Germany. I hope that the Front Benchers will reconsider their total opposition to such a proposal.

Martin Horwood: I join others in congratulating the Government on getting the Bill this far, even though it has been a rather slow and painful process at times. I should also like to congratulate Friends of the Earth and its campaign for the Big Ask, and various rebellious

[Martin Horwood]

Members on both sides of the House. If it were not for their rebellious instincts, I do not think that we would be debating this Bill at all tonight.

In her opening remarks, the Minister highlighted the links between economic growth and carbon emissions. That might be thought a slightly unfortunate and perhaps tactless thing to highlight when we are going into recession, but it is quite an important point to make. In fact, Sir Nicholas Stern—now Lord Stern; but Sir Nicholas when he wrote his report—pointed out that the biggest carbon emissions reduction achieved by any economy over a sustained period was that of Russia in the 1990s, and it achieved that, broadly, by collapsing its economy.

It is particularly important, as we enter a recession, that we keep all the signals, indicators and policy frameworks to decarbonise our economy in place, so that UK plc is best placed to take advantage when the upturn comes, and can have an economy that will take advantage of a new era in global economics and business. That is particularly important, and it underlines many of the amendments in the group that we are discussing, all of which we Liberal Democrats will support.

Government new clause 16 and the consequent new schedule and other amendments are welcome. The Secretary of State for Energy and Climate Change said earlier, from a sedentary position, that there was no choice to be made between tackling fuel poverty and tackling carbon emissions. If we can find policy mechanisms that do both at once, we certainly should take advantage of them. I have to say that the proposals have faint echoes of the green mortgages that the Liberal Democrats advocated years ago; those mortgages sought to do exactly the same. They linked carbon reductions to tackling fuel poverty and very high fuel bills. Unfortunately, fuel bills have got even higher in the meantime, and it has taken an economic crisis to stir the Government into real action on that front. Nevertheless, the new clause is welcome, as is the Government's acceptance that targets for 80 per cent. reductions in carbon emissions by 2050 should be in the Bill; again, the Liberal Democrats have called for that for years. It is important to recognise the progress that the Government are making, and to support it. I hesitate to say, "We told you so," too many times—but we did, and we have been doing it for years.

New clause 10 is also an important improvement to the Bill. As others pointed out, Sir Nicholas Stern said that the emissions trading scheme and carbon trading were necessary steps towards producing a decarbonised economy, but were probably not sufficient. It is important to grasp that point. The Minister talked about clause 33 in relation to sectoral opportunities, and clause 13 in relation to how policies affected various sectors, but the wordings are slightly wet. This is an area in which toughness and urgency are required, and new clause would 10 begin to deliver that.

We need a host of additional incentives and policy measures, not least to give the clearest possible signals to the private sector. I have great faith in the private sector's ability to respond to policy frameworks. In my experience, given everything that I am learning about the renewable energy sector, low-carbon transport technologies and other environmental measures, when the private sector is given sufficiently clear signals, it responds brilliantly. A good example is the car industry's response to developing EU restrictions on carbon emissions, which are being flagged up decades in advance. I have to say that we Liberal Democrats would go much further, and would argue for zero-carbon new cars by 2050, but the emerging policy at European level is clearly sending the car industry strongly in the direction of lower-carbon technological innovation. My personal favourite is the Tesla Roadster, which is now on the road. It is rather expensive, but the emissions are only 25 g per kilometre. It looks quite like a Ferrari, and I would happily test-drive it, if anyone listening to the debate wants to offer me that opportunity.

The white goods industry is another example of a sector that was given clear signals, not as part of some broad overarching general scheme, but on a specific basis, and in that case, too, the private sector responded well. Sectoral targets of the kind proposed in new clause 10 could play an important part in energising particular sectors. The hon. Member for Morley and Rothwell (Colin Challen) is right to want to give force of statute to targets that, as he said, were already Government policy in many respects. If we do not do that, there is of course a risk that they might go the way of other Government targets, such as the 2010 targets for CO_2 emission reductions or the 2010 target for renewable energy; the Government have drifted away from those targets. We need the kind of pressure that is in the new clause to give a clear direction on issues such as microgeneration and the residential and commercial sectors. We need it to give businesses and industrial sectors the commercial drivers that will release investment, when those sectors can get it, and direct them clearly towards a lower-carbon future.

There is an example in my constituency of which I am very proud. A very good but perfectly ordinary office supplies company called the Commercial Group has set itself the ambitious target of reducing its carbon footprint by 75 per cent. in just three years, and it is well on track to achieving that. That makes all the politicians' targets look, frankly, rather sick. That example demonstrates how well the commercial sector responds when it gets the bit between its teeth. I am happy to support new clause 10.

8 pm

One sector that might have been excused for thinking that it was a special case consists of the advocates of unabated coal-fired power stations. To say that the Government are giving mixed signals on that front is putting it mildly, and to call Britain a world leader in carbon capture and storage is like calling a penguin a polar bear. Since the Government proudly announced that they were a world leader in the field during the passage of the Energy Bill in the summer, two other countries, Germany and China, have produced working demonstration projects. As the Government were hoping to sell their more relaxed and gradual demonstration technology to China, that rather pulls the rug from under their feet.

Mr. Weir: Is not the situation even worse than that? There was a project at Peterhead that would have put the UK and Scotland at the forefront of carbon capture. The Government withdrew their support, and the project is now going ahead in Abu Dhabi.

Martin Horwood: The hon. Gentleman is exactly right. The Peterhead project was a classic example of

the Government sending precisely the wrong signals. Although the Minister seemed to disagree with this earlier, it is clear from talking to BP that the Peterhead project was stopped as a direct result of the announcements relating to the Government's own competition. That meant that the opportunity to use some of those gasfields for carbon storage is lost for ever, because once capped, the gasfields are almost impossible to exploit. It was a terrible decision, and it meant that projects such as the one at Peterhead, which would probably have been on line and functioning by about 2011, were stopped and replaced by a competition that was unlikely to produce anything before 2014 at the earliest. The Government have produced a carbon capture strategy that is too narrowly focused on post-combustion technology, too miserly and too unambitious in its scale. That is a great shame.

If the decisions relating to Kingsnorth are anything to go by, it is clear that the current framework of the emissions trading scheme is, almost by definition, insufficient to drive us towards a low carbon economy. The fact that Kingsnorth is to go ahead when its carbon emissions will be 70 per cent. higher than the nearest commercial equivalent is almost proof of the inadequacy of the ETS. The Minister seemed to suggest that we should not talk about technologies that had to be retro-fitted more expensively to old power stations, while ignoring the fact that if Kingsnorth is allowed to go ahead without locking in carbon capture and storage in some form, even if it is only in financial form rather than in technical form to start with, carbon capture and storage will have to be retro-fitted to an old coal-fired power station. That is what Kingsnorth will be—a dinosaur from a bygone age—by the time carbon capture and storage is ready.

Perhaps all this is a legacy of the Secretary of State's predecessor in the Department for Business, Enterprise and Regulatory Reform in its previous incarnation. The hon. Member for Croydon, North (Malcolm Wicks), as the Energy Minister was an amiable Minister to have on board in these debates, but he did not give much away and DBERR was clearly pointing in the wrong direction on such issues. Now that the new Secretary of State has responsibility for energy policy as well, I would urge him to add carbon capture and storage to the long list of welcome modifications—we would not dare to call them U-turns—that he is adding to Government policy.

To say that the Conservative party had a slightly mixed record on some of these issues might be a little churlish in the circumstances, although I would point out to the hon. Member for Bexhill and Battle (Gregory Barker) the failure of his colleagues consistently to support the Californian model that was put forward in an amendment tabled by the Liberal Democrats to the Energy Bill in the summer. He probably ought to look carefully at the voting record of the Conservative group on Kent county council on the subject of Kingsnorth, as well.

However, the hon. Gentleman made clear his position today, and we welcome him on the increasingly crowded road to Damascus. He said that the Conservatives would put the greenhouse gas limit at Kingsnorth at 500 g per kilowatt-hour. If that is the case, he was wise not to specify the exact limit in the new clause. We would have had some difficulty supporting it at such a high level. Our preference is for a lower limit—to judge from the nods from some on the Government Benches, I suspect that others might agree with me—of about 350 g per kilowatt-hour, which would direct investors towards alternative gas-fired power stations if no unabated coal-fired power stations were viable.

Gregory Barker: I appreciate what the hon. Gentleman is saying, but we hope that the Bill will stand the test of time and that any figure, be it 500 or 350, with the push that it puts behind the technology, will be amended sooner rather than later. It therefore makes sense to give the discretion to the Secretary of State. We hope that there will be an ambitious and progressive Secretary of State, rather than the present hopeless and unambitious lot.

Martin Horwood: I welcome the hon. Gentleman's comments in that respect. As he said, the new clause gives the Secretary of State the power to define the limits—*[Interruption.]* The Secretary of State says from a sedentary position that he has that power anyway. In that case, he should support the new clause and welcome it into the Bill. There should be no dispute across the Chamber. We should make sure that we are giving the clearest possible signals to the industry and to private investors that this is the direction of travel, and that if anyone wants to invest in a coal-fired power station, they should factor in the cost of carbon capture and carbon storage into the future, or they would be misreading the investment opportunity.

I am afraid that that is not the signal being given to the energy industry. The signal that the Government are giving at present is that the industry can get away with it, and that, as the Minister described, by going ahead with very high emissions in some sectors and allowing ourselves headroom within the European emissions trading scheme, we will effectively buy our way out of a high-carbon economy.

Paddy Tipping: The hon. Gentleman spoke about the direction of travel. What is the direction of travel of his own energy policy? He and many of his colleagues in local government are against wind power, nuclear power and new, cleaner coal plant. Does he want us to be so heavily dependent on gas that our source of power and our security of supply are at risk?

Martin Horwood: The hon. Gentleman has introduced an unfortunately partisan tone into the debate. However, I am happy to answer him. It is wrong to say that Liberal Democrat councils are against wind power. I have plenty of examples from Orkney and Shetland downwards where Liberal Democrats at local level have supported wind power in their localities, but I would never say that every application for a wind farm is always right. We have been committed to a democratic planning system, which always gives local people the right to refuse a wind farm.

The direction of travel is more in the direction that Denmark has followed for a long time, putting great emphasis on community buy-in to wind projects and there has therefore been a very low level of opposition to wind farms in that country. That is a model that our energy companies might follow. The hon. Gentleman is right that we are against nuclear power, which we believe would leave a toxic legacy to future generations that runs the risk of leaving us with the kind of bill—the Secretary of State is smiling. I do not know whether he

[Martin Horwood]

has done the sums, and I am not sure whether he has inherited the budget from DBERR for nuclear clean-up, which runs to some £1.4 billion a year. Fifty-six years after the first nuclear power station producing radioactive waste, we still have not found anywhere to put it. If the hon. Member for Sherwood (Paddy Tipping) is advocating that we make those same mistakes again, I would certainly reject the policy.

We need transitional technologies to see us through any possible energy gap while we wait for renewables to come on stream on a scale sufficient to fill the needs of the whole UK economy. We should do that partly by investing in new renewables. The Carbon Trust recently produced some encouraging figures about how offshore wind is coming on stream faster and is likely to attract more investment than was previously envisaged. Another part of the answer is, of course, energy and demand reduction and energy efficiency, which must make a big contribution.

The other key transitional technology will probably be carbon capture and storage. We need to lock in that technology, which is why it is so important to support amendments such as new clause 11 and give the clearest signal that we will not tolerate unabated coal power into the future. That would give precisely the wrong signal to the private sector and discourage investment in carbon capture and storage. As has been pointed out, that would mean that the projects would go ahead—but in Dubai, China, America and Germany, not in this country. I am happy to support new clauses 10 and 11 and the Government new clauses and amendments.

Mr. Chaytor: New clause 10 is extremely important, and I endorse everything that my hon. Friend the Member for Morley and Rothwell (Colin Challen) said about it. However, I want to add a dimension to this debate. Proposed new section 2A refers to the sectoral targets for 2020 in respect of residential accommodation and the commercial and public services sector. My argument is that those targets could be more ambitious. In the past 25 years, without much effort, we have been improving the general level of energy efficiency in the United Kingdom by about 1 per cent. a year. In one sense, to call for an improvement of only 2 per cent. a year is very modest.

The extra dimension of energy efficiency policy that we have to consider is the impact of the recent events on the financial markets and the global slowdown in the economy. The Chancellor and Prime Minister have recently been forthright in saying that they will invest to avert the worst effects of the slowdown in the United Kingdom, and they are considering bringing forward capital projects already in the Government's programme to alleviate the difficulties over the next year or so. However, ramping up the energy efficiency work that is already being done would not only be one of the cheapest and easiest ways of reducing our carbon emissions; it would also be powerful in countering the effects of rising unemployment resulting from the global slowdown.

I hope that the Secretary of State will speak to the Chancellor about that because the Government have an opportunity to take an important initiative that other western European Governments could follow, just as they followed the Prime Minister's initiative on taking ownership in the financial services sector. The United Kingdom has a unique opportunity to increase massively the energy efficiency of its residential and commercial accommodation and of its existing public sector institutions and to upgrade the skills of some fairly low-skilled people to create jobs when the trend in the market is for jobs to be shed. I am reluctant to use the words "green new deal", because they have been a little overdone recently, but they are the best simple way of describing the opportunities on offer. That is why new clause 10 is so important.

Gregory Barker: The hon. Gentleman is talking a great deal of sense and there is a lot of shared thought across the Chamber about the importance of investment in green technology and energy efficiency as a response to the current economic crisis as well as for the long-term good of the economy. Has he had a chance to consider what the Germans are doing? He said that the 2 per cent. target was unambitious, and I mentioned earlier that the Germans are looking at 3 per cent. a year for the next 10 years. Has the German plan influenced his thinking at all?

8.15 pm

Mr. Chaytor: I am aware of what Germany, Denmark, Norway, Sweden and Finland have done, so I do not think that it is new or revolutionary. Nor is it idealistic; in the past 10 or 20 years, other countries have made far greater progress than we have. What is happening in Germany at the moment, however, is particularly interesting.

Mr. Graham Stuart: I have followed the hon. Gentleman's argument with interest. He has just said that in the past 10 years many other countries around us have made much greater progress in energy efficiency than we have. I wonder why that is.

Mr. Chaytor: What I have said is that a handful of northern European countries have made more progress than Britain in many recent years; this goes back 20, 30, 40 or 50 years. We have a lot to learn from what has happened in some other northern European countries, but our progress on energy efficiency in the past 10 years has been faster than in any other decade in our history.

I move on to new clause 11. I was interested that the hon. Member for Bexhill and Battle (Gregory Barker) admitted that his policy that there should be no new coal-fired stations without carbon capture was not dependent on new clause 11. That was an important admission; it is important that every Member understands what new clause 11 says. It says not that there will be no new coal-fired power stations without carbon capture, but simply that

> "The Secretary of State may make...regulations...to set the maximum level of carbon dioxide that may be emitted per unit of output".

Such regulations would be sensible. I do not know whether it is necessary for the provision to be in the Bill, whether the Secretary of State could make the regulations anyway or whether the provision could be made through an amendment to the Electricity Act 1989, although I suspect that it is not necessary to include it in the Bill. The sentiment and statement of intent are admirable, but they are not absolutely related to the question of carbon capture and storage and new coal-fired power stations.

The hon. Member for Bexhill and Battle has worked tirelessly to give a green veneer to his party, and in some senses he has been successful. I have had many dealings with him in recent months in his new capacity as the shadow Minister, and he was formerly on the Environmental Audit Committee with me. I know that his heart is in the right place. The problem is that the mind of his party is in completely the wrong place. The hon. Gentleman talks about spreading around so much money on new CCS projects, but that is not credible given that his party leadership are still obsessed with sharing the proceeds of growth—when it returns—and giving half of it away in inheritance tax cuts for multi-millionaires or tax cuts on gas-guzzling vehicles. The policy is not credible.

Gregory Barker: The hon. Gentleman's Government have shot our fox on sharing the proceeds of growth; it is very unlikely that there will be any growth for the foreseeable future. In the light of that, we have had to amend our policy. However, if the hon. Gentleman had paid attention to what the Leader of the Opposition has said, he would know that my right hon. Friend has clearly spelt out that we anticipate significant funding for carbon capture and storage from the auctioning of emissions trading scheme credits in 2012 and that we have also spelt out where the savings would come for the funding of feed-in tariffs. The hon. Gentleman would also know of our clear commitment on the expansion of Heathrow. On all those issues, his party's Government are vague and our party is absolutely clear.

Mr. Chaytor: The hon. Gentleman has just argued that at a time of economic slowdown, spraying away tax cuts is not the best way to pursue our climate change policy. The point also applies to the Liberal Democrats; just a few moments ago, the hon. Member for Cheltenham (Martin Horwood) said that the Government were too miserly and unambitious in the scale of their financial support for CCS. His party promises to cut £20 billion from public investment, so it is hardly credible for it to accuse my party's Government of being miserly and unambitious.

Martin Horwood: I just want to put the record straight: that £20 billion would come from savings, not cuts to public investment. A great deal of it would be redirected to what we believe are the important priorities for people in this country.

Mr. Chaytor: The hon. Gentleman means efficiency savings through sacking consultants—I understand that.

I turn back to the serious point. New clause 11 is an admirable statement of intent. Few could disagree that what it proposes would be a good thing for the Secretary of State to do. However, I doubt whether it needs to be an amendment to this Bill at this time, and that is why I urge hon. Members to vote against it.

Mr. Graham Stuart: It is a pleasure to speak in this debate. Following the debate on the previous group of amendments, we know that the Bill will go forward aiming for an 80 per cent. cut in emissions in this country by 2050. However, we should bear in mind that aviation and shipping are growing at an enormous rate while growth in the broader economy other than in those two sectors will doubtless, according to the chairman of the Committee on Climate Change, have to be even greater.

The Bill promises a lot, but it allows the Government to do what they have done so often. We have heard excellent speeches by genuinely environmentally committed Labour Members who feel frustrated by a Government who have so often failed to deliver on the ground the cuts in emissions and the change to a low-carbon economy that they have promised. The Bill is sending a false signal to the British people, because the Government are not capable of delivering on the targets within it. The hon. Member for Morley and Rothwell (Colin Challen) made an excellent speech in which he laid out with great care how all the components of new clause 10 are current Government policy. In fact, the Prime Minister himself has said that some aspects of it are Government policy. Yet when the hon. Gentleman puts it down in a new clause, we find that his Front Benchers refuse to accept it.

I was not aware before this evening, Madam Deputy Speaker, that a ruling had been made that accusing Government Front Benchers of rank hypocrisy was unparliamentary and should not be done, so I will not do it.

Madam Deputy Speaker (Sylvia Heal): Order. The previous occupant of the Chair pointed that out to the hon. Gentleman, so there is no need to have it repeated.

Mr. Stuart: I stand corrected, Madam Deputy Speaker. I was searching for a form of words that my constituents down the Dog and Duck would think adequately expressed the Government's behaviour, but I suppose it would be best to say that they say one thing and do another.

I fear that this Bill is like a conjuring trick that people follow with their eyes. So many people, from Friends of the Earth to many others who genuinely care about this issue, have bought into the idea that the Government are going to take action on it and set down in law the 2050 target, but we need to look at what the Government have actually done. The hon. Member for Bury, North (Mr. Chaytor) referred to energy efficiency. That is an area where it is cost-beneficial to the economy to deliver energy efficiency because it serves the purpose of benefiting social justice, but where we have lagged—pardon the pun—behind our neighbours.

Earlier this year, the Sustainable Development Commission, which has the job of monitoring Government, reported to the Environmental Audit Committee that nearly two thirds of central Government Departments are still not on track to meet the target of reducing carbon emissions from their own centrally held offices by 12.5 per cent. by 2010. The Department for Environment, Food and Rural Affairs was more than halfway down the list. The central Government agency that previously led on climate change has failed to deliver these changes in its own offices in buildings that we can see from here. Yet we are supposed to believe that this Government, who have so signally failed to turn rhetoric into action, can be trusted to deliver on some long-term target about 2050. I am afraid that I have little confidence that they will do so. Policies are not co-ordinated between the different Departments. Instead of leading by example, they push for environmentally unfriendly policies such as new and unabated coal-powered plants or the expansion of Heathrow airport. As the Environmental Audit Committee has noted, the Government will miss their own target of cutting national carbon dioxide emissions by 20 per cent. by 2010.

[Mr. Graham Stuart]

That is the backdrop to the Bill. None the less, I welcome the Government's late conversion to feed-in tariffs, for which the Conservatives have been pushing for some time. That will be welcome, albeit belated, if it helps to lead to change on the front line and we can copy some of the success of our north European neighbours.

I support new clause 10, which was well argued for by the hon. Member for Morley and Rothwell, as it would give statutory backing to targets that are already supposed to be Government targets but which Front Benchers seem unprepared to accept despite the impassioned pleas of Members on the Benches behind them.

I also support new clause 11. That is accompanied by a statement of Conservative party policy by my hon. Friend the Member for Bexhill and Battle (Gregory Barker)—the belief that we should not be allowing the creation and building of any more dirty coal power plants. Looking ahead, there is a real risk of an energy shortfall from 2017 onwards—*[Interruption.]* The Secretary of State is suggesting that that is not the case. If he looks on the national grid website, he will see that it itemises that potential shortfall. Moreover, there are imponderables such as how long existing power plants can be sustained for and what is their efficiency and effectiveness in producing energy. The Government's inaction has put us in a position whereby we have failed not only to deliver energy efficiency, which would reduce demand, but to put in place the production capacity to ensure that we can be well served by it.

The Conservatives, on the other hand, have said clearly that we would not allow any more dirty coal power plants to be built. When one looks at this country's historical skills and strengths—the presence of major oil companies, our history of offshore platforms and involvement in coal mining—in what better way could we give a genuine lead to world efforts to reduce emissions than by leading on carbon capture and storage? The Minister completely failed to convince anyone that new dirty coal power stations would be more likely to be retro-fitted with CCS than existing power stations. If the Government were serious about this, instead of saying one thing and doing another, they would back CCS and ensure that it was delivered.

It is not only north European countries that have done a better job than we have. The latest Chinese five-year plan for 2005-2010 looks for a 20 per cent. reduction in energy usage per unit of gross domestic product. In a developing country with hundreds of millions of people still living in poverty, the Chinese have a greater ambition than this Government, who claim to lead.

Alan Simpson: It took me quite a long time to decide to add my name to new clause 11. My reservations about it were exactly the opposite of those expressed by the Minister. I do not think for one moment that it would prevent the development of any sort of new power station working to any sort of standards. My reservations centre on the fact that the new clause is based around the word "may", not "shall". We can argue about what different parties may do if they are in government, but as there is no "shall" there is no obligation to act.

I looked at the Bill, and I found that a couple of voices were permanently ringing in my ears. One was the voice of my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), who has legitimately challenged this House to say at what point the 80 per cent. target becomes reality politics as opposed to fantasy politics. It is not enough to set a 2050 target if we have no idea of how we are going to achieve it. The second voice that permanently nags me is that of Aneurin Bevan, who, a long time ago, said that there is no point in willing the ends if we are not prepared to will the means. In our context, the means have to be measurable intervention measures that set minimum performance standards, and perhaps minimum requirements, about carbon reductions.

I have awkward feelings about the introduction of thresholds in the Bill. If we want to amend the thresholds, we will need to come back with primary legislation. If there is a case for thresholds, they should be minimum thresholds that would allow us to set standards that have to be met, but perhaps exceeded. There is nothing in the new clause that does that, and there is not even a duty to require those regulations to be brought in. Those were my misgivings, but running through the Bill is a recognition that, as various hon. Members have said, we have to be willing to define the route map to take us from where we are to where we want to be in 2020 and 2050.

8.30 pm

Having said that, there has been a degree of ungenerosity from the Opposition in their criticism of the Government's lack of imagination. I am pleased that we have this new Secretary of State, and I am really pleased that he was able to come to this House and announce that we were raising the 2050 target from 60 per cent. to 80 per cent. I was also pleased that he made a point about feed-in tariffs and the genuine scope for community-based energy generation. It is quite wrong to pretend that the sense of vision and leadership in his statements did not reflect a Secretary of State who could be quite transformational in delivering the 2020 and 2050 targets—I hope that does not damn him for all time.

The circumstances in which the Bill has to be taken forward provide the Secretary of State with ammunition, which, three to six months ago, we may not have anticipated needing. The collapse of global financial systems has prompted leaders in our country and internationally about the need for public investment to deliver economic stability. Where will we find that? The answer, as my hon. Friend the Member for Bury, North (Mr. Chaytor) said, is probably to be found in a green new deal. That is the lesson to be learned from what has been done in Germany since 2001, and probably since 1990.

I have done quite a lot of work on the way in which Germany has introduced its feed-in tariffs and the transformational effect that that has had. The one benchmark comparison I offer is that the Government have set 2016 as the staging point at which we will insist that all new houses are to be zero carbon, and by which we will be building eco-towns. But by 2016, Germany will have converted between 40 and 60 of its existing cities into eco-cities because it has taken a visionary approach to the scope for feed-in tariff legislation. We can anticipate that the Secretary of State will take an equally visionary approach to the same provisions when they come back before the House in another Bill.

Mr. Chaytor: Would my hon. Friend accept that we have an opportunity to revisit the 2016 zero carbon target and bring it forward? That target was set when our ambition was to build 3 million homes by 2020—a quarter of a million homes, or more, a year—and given the state of the housing market and the housing industry, those homes will not be built in the next two, three or four years unless the Government intervene. Could the Government not intervene to boost the building of new homes, and bring forward the target date for new homes so that the energy efficiency is built in at an earlier stage?

Alan Simpson: I am sure that the Government could—and I hope that they will. For me, the most exciting point with which all the German political parties connect is that our future will probably be determined not by the building of the 100,000, 200,000 or 250,000 new houses a year that we may need, but by what we do with the 25 million houses that we have today. The scope for retrofitting holds the possibility of genuinely transformational energy and carbon saving economics. In Germany, that transformation currently delivers a domestic economic multiplier with a turnover of €30 billion a year and almost 300,000 new jobs a year. That is the sort of momentum for which I confidently expect the Secretary of State and the Prime Minister to provide in unveiling the new package of green economics that will drive our transformation in the UK.

However, we cannot achieve that transformation without setting targets and standards as the benchmark against which we measure it. I therefore make a plea to the House: new clause 10, which covers sectoral targets, sets out some impressive ideas about Government responsibility for the public estate and from where leadership for that should come, but they will not be realised if we do not push them to a vote or a point of acceptance, so that targets are written into our commitments. The ideas become fantasy economics only if we will not take the transformational steps that define the route map.

For all its weaknesses, I would rather the Secretary of State had a permissive power to introduce those regulations than no power. My preference was for a duty—for "shall" rather than "may". Whatever performance standards are set, I would prefer serious debate in the House between the different parties about what they should be to the current debate about whether we should have performance standards for new power stations.

If we are not prepared to say to ourselves that there must be performance standards, how can we say that to any other country on the planet that intends to build a power station with no standards? That is not so much hypocrisy as inconsistency, which is out of tune with the demands of not only the public but the planet and our time.

Gregory Barker: Does the hon. Gentleman realise that he has made an incredibly powerful case to many hon. Members, and especially people outside, who argue that we cannot afford to go green during a time of economic turbulence and downturn? He has put his finger on it—not only are such matters important for the climate, but, from the beginning of the industrial revolution, innovation and change have been the engine of new growth. The most exciting as well as the most necessary new growth in the 21st century is in energy technology. He is right to point out that it is the responsibility of any Government to put in place the standards that we need to drive that growth forward.

Alan Simpson: I believe that absolutely. I have made the case on many occasions that we have possibly a decade in which to transform ourselves into a post-fossil fuel economy. If we have the courage to do that, the great benefit of our time is that we have access to the technologies that allow for such transformation. The reality of the current crisis is not that we cannot afford to go green, but that we cannot afford not to go green. I genuinely believe that the new Secretary of State is one of the people who could drive that transformation.

John Hemming: I am pleased to follow the hon. Member for Nottingham, South (Alan Simpson) because, apart from the fact that I have no confidence in the Government, his speech contained little of substance with which I disagree.

The Government's attitude to new clauses 10 and 11 demonstrates their attitude to the Bill. They resolve to be good, but not yet. We must therefore consider the direction of travel on the consumption of fossil fuels, of which the three main ones are gas, coal and oil.

The Government clearly want more oil burned every year. The Prime Minister said that—at column 33 of last Monday's *Hansard*. Tonight, we had confirmation that the Government's objective is to build some nice new coal power stations. The second law of thermodynamics constrains the energy efficiency, but the Government are saying that the power stations will not be carbon capture systems and that we will simply emit carbon dioxide into the atmosphere. Those power stations may be more efficient because the engines are better designed, but the Government do not intend to try to reduce the amount of carbon dioxide emitted. That leaves gas. If we are going to burn more oil, more coal and, one therefore presumes, more gas, we are not going in the direction of reducing carbon emissions.

The reality is that we have to start somewhere. At some point, we have to say, "We're going to reduce carbon emissions, so we don't need more oil, more coal or more gas," and we should have a strategy for that. It may take time to change direction, but we cannot have constant increases in oil supplies, which is what the Prime Minister says we require.

All our constituents are crying out about the increasing costs of energy. I happen to take the view that the UK has gone far too far down the free market route and that the European model is far better, which is not necessarily something on which I am 100 per cent. aligned with my party. The green new deal is an option. We have managed to find £50 billion for the banks, but what about £50 billion to sort out the energy intensity of gross domestic product? That should not necessarily be the precise figure of course, but the principle that we should invest in energy efficiency to reduce the amount of energy used and, by reducing demand, thus reduce prices must be the way forward.

New clause 10 basically says, "Let's get on with it and do something," but the Government do not want to know, while new clause 11 would introduce a permissive power. I accept that "may" in new clause 11 should be "shall", but the Government do not even want that. They have therefore taken a very clear view: they are in favour of being good, but not yet.

Joan Ruddock: Let me first try to tackle some of the issues raised by the hon. Member for Bexhill and Battle (Gregory Barker) from the Conservative Front Bench, whose position, it became apparent during the debate, was that we would have no new coal-fired power stations unless carbon capture and storage were available, which it currently is not. That is completely unrealistic. The Government are of course committed, as he says his party is, to long-term renewable energy policies, energy efficiency and CCS. However, we continue to need a diverse energy supply and we must take energy security very seriously indeed. Coal currently accounts for one third of the electricity supply. I therefore suggest that his suggestion of prejudging and totally banning any new coal-fired power station is completely unrealistic.

Gregory Barker: The Minister said in her opening remarks that she was not going to prejudge the issue, but it sounds as though the Government are now doing exactly that—prejudging it and saying that they will allow dirty, carbon-emitting coal.

Joan Ruddock: Absolutely not. There is no prejudgment on our part, but the hon. Gentleman is indeed prejudging the issue, and obviously takes no account of issues of energy security.

The hon. Gentleman made a number of other points about CCS, as did other hon. Members, particularly in relation to the BP Peterborough project. [HON. MEMBERS: "Peterhead."] I am so sorry—and I know Peterhead well enough. As I said, we are talking about a private company making its own decisions. Of course it would have liked to pocket Government money, but we need—and have agreed to have—an open competition, so that we can choose from among those companies that wish to put projects of that kind forward. Then we can choose what we regard as the most appropriate project to receive Government money. It is as simple as that. We did not force anyone to withdraw from what they were doing.

Mr. Weir: Will the Minister give way?

Joan Ruddock: No, I will not give way, because I have too much to deal with.

8.45 pm

The Conservative Front-Bench spokesman, along with another hon. Member—I am afraid that I do not have the relevant note—also mentioned Lord Stern's advice warning that the emissions trading scheme would not make a sufficient impact on the power generation sector soon enough to prevent us from becoming locked into high-carbon infrastructure. We have in no sense ignored what Lord Stern said. On the contrary, we recognise that, in addition to supporting the EU ETS, Government action is needed to stimulate the development of a broad profile of low-carbon technologies, such as our action to facilitate new nuclear build and support renewable deployment, and the CCS demonstration.

We also need to reduce costs, so that a range of commercially viable options can be made available to companies when they are looking at managing their emissions. We need to drive down emissions in sectors not covered by the EU ETS, which we are doing through our measures on home energy and transport, among other things. We also need to change behaviour. The Government are doing all those things, and it is completely wrong to suggest otherwise.

The proposals on carbon capture readiness are closely based on those in the International Energy Agency's technical study, which was released last year. In summary, it mentioned a need for: sufficient land on site that could accommodate a carbon capture and treatment plant; a study of the feasibility of retrofitting stations for carbon capture technology; and assessments of the availability of sites for storing carbon dioxide and of how carbon dioxide could be transported to those sites. We have consulted on carbon capture readiness over the summer, and we aim to publish the Government's response by the end of the year.

The hon. Member for Bexhill and Battle mentioned the fact that the Conservatives' proposals were based on measures that had already been adopted in California. I have to tell him, however, that there is no equivalent to the EU emissions trading scheme in California. That is why he is completely mistaken in thinking that there could be a read-across between what happens in California and what happens in this country, where the emissions of all our energy-intensive industries are covered by the EU ETS. That is why his scheme does not make sense.

The hon. Gentleman also asked whether the carbon emissions reduction target was a fuel poverty mechanism or a carbon reduction measure. The truth is that we do not have to choose. The great virtue of helping people to save energy and save costs is that we can assist with fuel poverty at the same time as we produce further reductions in carbon dioxide emissions. That makes a win-win case, and we will continue to pursue those policies in tandem.

Mr. Graham Stuart: Will the Minister give way?

Joan Ruddock: No, I will not. I need to make some progress.

I want briefly to refer to the debates on new clauses 10 and 11, and to the speeches of my hon. Friends the Members for Morley and Rothwell (Colin Challen) and for Bury, North (Mr. Chaytor), both of whom have made excellent contributions to the debate. I acknowledge that the Government already have sectoral targets, and that they have programmes that are proceeding as we would expect them to do. We do not in any sense reject the concept of targeting or of having a means by which we can measure progress. However, we do not think it is appropriate for those measures to be placed in the Bill. It has been suggested that it is important for the Government to get on with what they have pledged to do, and I give all my hon. Friends the assurance that we are doing just that.

We want to look at the kind of sectoral targets we would need, and to determine whether we would need different targets for different types of business, for residential areas and for different kinds of microgeneration schemes, such as wind, photovoltaic and ground pumps. We have sympathy with everything that my hon. Friends have said, and for the concept of targets, provided that we can consult on the detail of how they would work alongside our feed-in tariffs. I am giving the House that reassurance. We have announced on feed-in tariffs, and this opens up a whole new dimension in the debate. If hon. Members reflect on that, they will see that this is a

way forward for the Government that means that we do not need to add these particular measures to the Bill. I urge the House to support new clause 16.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 17

REGULATIONS ABOUT REPORTING BY COMPANIES

'(1) 'The Secretary of State must, not later than 6th April 2012—

(a) make regulations under section 416(4) of the Companies Act 2006 (c. 46) requiring the directors' report of a company to contain such information as may be specified in the regulations about emissions of greenhouse gases from activities for which the company is responsible, or

(b) lay before Parliament a report explaining why no such regulations have been made.

(2) Subsection (1)(a) is complied with if regulations are made containing provision in relation to companies, and emissions, of a description specified in the regulations.'.—*[Joan Ruddock.]*

Brought up, and read the First time.

Joan Ruddock: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following:

New clause 5—*Company reporting of greenhouse gas emissions*—

'(1) Any company that is required to produce a business review under section 417 of the Companies Act 2006 (c.46) must have regard to any guidance issued under section 80 of this Act when reporting on greenhouse gas emissions.

(2) The Secretary of State may by order provide that any company that is required to produce a business review that includes information on environment matters (including the impact of the company's business on the environment) under section 417(5) of the Companies Act (c.46) must include information on greenhouse gas emissions, and in doing so have regard to any guidance issued under section 80 of this Act.

(3) The Secretary of State may by order provide that compliance with guidance issued under Section 80 of this Act will be presumed to constitute compliance with section 417 of the Companies Act 2006 (c.46).

(4) The Secretary of State must make provision under either subsection (2) or subsection (3) before 1st April 2010.

(5) The expiry of the period mentioned in subsection (4) does not affect the power of the Secretary of State to make further provision by order under subsections (2) and (3).

(6) The Secretary of State shall, when setting carbon budget pursuant to section 4 of this Act, lay before Parliament a report on any changes to any guidance issued hereunder which the Secretary of State believes are necessary to promote the achievement of any carbon targets.

(7) Any order under this section is subject to affirmative resolution procedure.'.

New clause 18—*Report on the civil estate*—

'(1) It is the duty of the Office of Government Commerce to lay before Parliament each year a report setting out the progress Her Majesty's Government has made towards improving the efficiency and sustainability of its civil estate.

(2) The report must include the progress made towards—

(a) reducing the size of the civil estate;

(b) improving the sustainability of the buildings that already form part of the civil estate; and

(c) ensuring that any new buildings procured for the civil estate are in the upper quartile of energy performance.

(3) Where any new building procured for the civil estate is not in the upper quartile of energy performance, the report must state the reasons why this is the case.

(4) A report under this section must be laid before Parliament not later than 1st June in the year in which it is to be so laid.'.

New clause 20—*Company reporting of greenhouse gas emissions (No. 2)*—

'(1) The Secretary of State may by order provide that companies of particular classes or descriptions must produce as part of their business review under section 417 of the Companies Act 2006 (c. 46) such information on greenhouse gas emissions as may be specified in the order.

(2) Any company that is required to produce information under subsection (1) must have regard to any guidance issued under section 80 of this Act when reporting on greenhouse gas emissions.

(3) The Secretary of State may by order provide that compliance with guidance issued under section 80 of this Act will be presumed to constitute compliance with section 417 of the Companies Act 2006 (c. 46).

(4) The Secretary of State must make provisions under either subsection (1) or subsection (3) before a date to be prescribed by order.

(5) The expiry of the period mentioned in subsection (4) does not affect the power of the Secretary of State to make further provision by order under subsections (1) and (3).

(6) The Secretary of State shall, when setting carbon budget pursuant to section 4 of this Act, lay before Parliament a report on any changes to any guidance issued hereunder which the Secretary of State believes are necessary to promote the achievement of any carbon targets.'.

Amendment No. 16, in clause 13, page 7, line 26 , at end insert—

'(3A) The Secretary of State must prepare an annual report to be laid before Parliament setting out the level of expenditure within the whole UK economy spent on efforts to achieve the targets fixed in the carbon budgets.'.

Government amendment No. 44.

Joan Ruddock: The amending provisions in the group concern various reporting obligations on both Government and business. The key issue is the corporate reporting of emissions, which we have, of course, discussed before at various stages of the Bill's passage.

Levels of reporting on greenhouse gas emissions in the UK are already high. Many companies currently report their emissions under the EU emissions trading scheme or will be required to do so under the upcoming carbon reduction commitment. We also expect that many will report on environmental issues under the Companies Act 2006 narrative and involuntary schemes.

The Government want to provide as much certainty as possible for the business community and to show leadership internationally. However, we also have a duty to ensure that we do not impose new requirements without a robust examination of whether regulation is the most effective intervention to drive corporate climate change improvements.

Government new clause 17 and Government amendment No. 44 are designed to reinforce our commitment to the importance of corporate transparency and to taking forward the process as quickly as possible. We will consult publicly next year on the detail of how companies' carbon emissions should be defined and measured. The outcome of that consultation, which will include close work with individual stakeholder groups, will be reflected in the guidance on measurement of emissions that the Government are required to publish by 1 October 2009.

Mr. Morley: I know that time is pressing, but I wanted to tell my hon. Friend that I greatly welcome the new clause. I know that the Aldersgate group, which represents many prominent companies, and non-governmental organisations welcome it, as does Christian Aid, which is also a big supporter of my new clause 5. I understand that the objective of new clause 17 is to provide for exactly the same commitment on companies as does my own new clause. I greatly welcome what the Government have done and I look forward to the consultation, a standardised method of reporting and clarity for companies on their carbon footprints.

Joan Ruddock: I am extremely grateful to my right hon. Friend for making those points and I assure him that we are very much trying to meet the spirit of so much of the good work that he has done on the provisions he mentioned.

Government new clause 17 takes on board the strong views expressed in Committee that we should press for further action on corporate reporting. We therefore propose that by 6 April 2012, the Secretary of State must either use powers within the Companies Act 2006 to mandate reporting by companies on their greenhouse gas emissions or, if he decides not to use those powers, to explain to Parliament why not. This makes clear the Government's intention to move in the direction of mandatory reporting of emissions, provided that we can demonstrate that it is environmentally beneficial and cost-effective.

The use of these powers—or the report to Parliament outlining why they have not been used—in 2012 must be supported by evidence of the environmental benefit, accompanied by a robust impact assessment and extensive stakeholder consultation. I hope that Conservative Members will take note of that point. Setting a deadline of 2012 allows business and the Government to have established a standard, while also allowing time for businesses to prepare. In recognition of the urgency of the issue, amendment No. 44 brings forward to 2010 the deadline for examining, on a strategic basis, the contribution that mandatory reporting can make towards our climate change objectives.

I move on to new clause 5 and new clause 20, making clear the two key reasons for not setting a requirement for mandatory reporting in the Bill now. First, there is not yet a reporting standard on which the Secretary of State could base such a requirement. More time is needed to develop such a standard, which means getting all the details right. Secondly, many companies already report some of their emissions—under the EU ETS, for example, or under voluntary initiatives such as the carbon disclosure project. More will be doing so under the carbon reduction commitment. Once we have undertaken public consultation on the definition of the reporting standard, we will be in a better position to see what the gaps are between what is currently reported and what we want to see reported. We will then be able to design that requirement.

Let me summarise what I have said so far. I entirely agree with those who have drawn attention to the need to consider the question of corporate reporting as a matter of urgency, and to introduce a mandatory requirement if we can get it right. I therefore propose to accelerate the existing timetable, and to place a stronger onus on the Government to introduce reporting requirements. I consider that proposal to be both ambitious and proportionate.

New clause 18 requires the Office of Government Commerce to produce an annual report on progress made towards improving the efficiency and sustainability of the Government estate. The report will cover steps taken to reduce the size of the civil estate, to improve the sustainability of existing buildings, and to ensure that new buildings that are procured are in the upper quartile of energy performance.

We are committed to including all Government Departments in the carbon reduction commitment, which will provide incentives for the introduction of energy efficiency measures and the occupation of more energy-efficient office space. Government Departments are subject to the "sustainable operations on the Government estate" targets, which are reported through the chief executive of the Office of Government Commerce and the Cabinet Secretary. The new clause extends those mechanisms by requiring the Office of Government Commerce to produce a report. It follows an amendment tabled by my hon. Friend the Member for Gower (Mr. Caton), and a private Member's Bill introduced by my hon. Friend the Member for South Swindon (Anne Snelgrove). I believe that the report will enable us to define the top quartile that was the subject of the private Member's Bill, and to monitor the commitment that was made through the introduction of energy performance certificates and display energy certificates. I am therefore happy to support the new clause, although parliamentary counsel have pointed out that some drafting changes would be desirable for legal reasons. I hope that all parties will support it if it becomes necessary.

I am afraid that I cannot be as accommodating when it comes to amendment No. 16, which would require the Secretary of State to produce an annual report setting out total expenditure in the United Kingdom economy on action to meet the carbon budgets. The Bill has already established a new, transparent framework for reporting Government action to meet carbon targets. We are required to produce reports once the targets have been set, explaining which policies and measures will be used. The annual reports by the Committee on Climate Change on progress towards meeting targets and budgets must set out the progress that has been made, and the further progress that is needed to meet the budgets.

It is difficult to see how we could be precise about how much is spent by Government, or the United Kingdom economy as a whole, exclusively on meeting carbon budgets, compared with expenditure on other policies and objectives. I think that the discussion we have had about fuel poverty is a good example, as are our discussions about renewable energy. Moreover, Departments already provide publicly available details of their annual expenditure in their departmental reports.

For a combination of reasons—including the practical difficulties of accurately defining expenditure to meet carbon budgets, the level of scrutiny to which each Department's expenditure is already subject, and the Bill's existing provisions for the publishing of information about Government action of meet carbon budgets—the new clause is not acceptable to the Government. I very much hope that my hon. Friend will understand our reasons, and that, while recognising our support for all

the hard work that he has done on all aspects of climate change throughout the Bill's passage, he will be willing not to press his amendment to a Division.

Gregory Barker: We are disappointed that the Government have not shown greater leadership and urgency on the issue of mandatory corporate reporting. There is, however, much in the rest of this group of new clauses and amendments of which we are in favour. For instance, Government amendment No. 44 brings forward the Secretary of State's reporting date by one year, which is extremely sensible.

On the issue of mandatory reporting, we feel that the Government ought to take a real lead. Simply introducing a measure that allows at least four years—nearly as long as the entire duration of the second world war—before we can reach a point at which we will, or perhaps will not, introduce mandatory corporate reporting is not good enough. There was a good deal of merit in new clause 5, but we believe that there is a strong case for allowing the leading group of companies—perhaps a small group such as the FTSE 350, the majority of whose members already report their carbon emissions—to lead on a set of standards.

We have to accept that internationally accepted accounting standards are already changed regularly. It seems that we are allowing the perfect to become the enemy of the good. We would like Britain to start to blaze a trail by allowing our leading companies to have a clear and defined role, but the Government are failing to give that leadership.

It being Nine o'clock, MADAM DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [9 June].*

Clause read the Second time, and added to the Bill.

MADAM DEPUTY SPEAKER *then put the Questions necessary to dispose of the business to be concluded at that hour.*

New Clause 11

GREENHOUSE GAS EMISSIONS PERFORMANCE STANDARD (ELECTRICITY GENERATING STATIONS)

'(1) The Secretary of State may make provision by regulations for a greenhouse gas emissions performance standard to set the maximum level of carbon dioxide that may be emitted per unit of output by any generating station requiring consent for construction or extension under section 36 of the Electricity Act 1989 (c.29).

(2) Regulations made under subsection (1) may include provision—

(a) specifying how proposed generation stations are able to comply with any greenhouse gas emissions performance standard, and to demonstrate compliance with any regulations made under this section, including by the capture of carbon dioxide at the generating station and its transport to and injection into geological storage provided that such activities are licensed in accordance with applicable laws and regulations;

(b) specifying the basis on which emissions of greenhouse gases from combined heat and power generating stations shall be calculated such that the unit of output includes useful heat produced in addition to electricity generated by any such generating station;

(c) specifying any sources of electricity generation, including electricity generated from renewable sources, that are deemed to be compliant with any greenhouse gas emissions performance standard.

(3) No consent shall be granted under section 36 of the Electricity Act 1989 for any generating station that does not comply with regulations made under subsection (1).

(4) Before making regulations under subsection (1) (including setting the level of the greenhouse gas emissions performance standard), the Secretary of State must consult such persons as are likely to be affected by or have an interest in the regulations.

(5) Regulations made under subsection (1) shall be made by statutory instrument, which may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.

(6) In this section—

"greenhouse gas emissions performance standard" means a standard prescribed by regulations setting the maximum level of carbon dioxide that may be emitted per unit of output from an individual generating station.'.—*[Gregory Barker.]*

Brought up and read the First time.

Question put, That the clause be added to the Bill.

The House divided: Ayes 202, Noes 280.

Division No. 295] **[9 pm**

AYES

Ainsworth, Mr. Peter	Farron, Tim
Amess, Mr. David	Featherstone, Lynne
Ancram, rh Mr. Michael	Field, Mr. Mark
Bacon, Mr. Richard	Foster, Mr. Don
Baker, Norman	Francois, Mr. Mark
Baldry, Tony	Gale, Mr. Roger
Barker, Gregory	Galloway, Mr. George
Baron, Mr. John	Garnier, Mr. Edward
Barrett, John	Gauke, Mr. David
Beith, rh Sir Alan	Gibb, Mr. Nick
Beilingham, Mr. Henry	Gidley, Sandra
Benyon, Mr. Richard	Gillan, Mrs. Cheryl
Bercow, John	Goldsworthy, Julia
Beresford, Sir Paul	Goodwill, Mr. Robert
Blunt, Mr. Crispin	Grayling, Chris
Boswell, Mr. Tim	Green, Damian
Brake, Tom	Greening, Justine
Brazier, Mr. Julian	Greenway, Mr. John
Brokenshire, James	Grieve, Mr. Dominic
Brooke, Annette	Gummer, rh Mr. John
Browne, Mr. Jeremy	Hague, rh Mr. William
Browning, Angela	Hammond, Stephen
Bruce, rh Malcolm	Hancock, Mr. Mike
Burns, Mr. Simon	Hands, Mr. Greg
Burrowes, Mr. David	Harper, Mr. Mark
Burstow, Mr. Paul	Harris, Dr. Evan
Burt, Alistair	Harvey, Nick
Burt, Lorely	Hayes, Mr. John
Butterfill, Sir John	Heald, Mr. Oliver
Cable, Dr. Vincent	Heath, Mr. David
Campbell, rh Sir Menzies	Hemming, John
Carmichael, Mr. Alistair	Hendry, Charles
Clappison, Mr. James	Hoban, Mr. Mark
Clark, Greg	Hollobone, Mr. Philip
Clark, Ms Katy	Holloway, Mr. Adam
Clifton-Brown, Mr. Geoffrey	Hopkins, Kelvin
Corbyn, Jeremy	Horam, Mr. John
Cox, Mr. Geoffrey	Horwood, Martin
Crabb, Mr. Stephen	Hosie, Stewart
Curry, rh Mr. David	Howarth, David
Davey, Mr. Edward	Howarth, Mr. Gerald
Davies, Mr. Dai	Howell, John
Davies, David T.C. *(Monmouth)*	Hunt, Mr. Jeremy
	Hunter, Mark
Dorrell, rh Mr. Stephen	Hurd, Mr. Nick
Dorries, Mrs. Nadine	Jack, rh Mr. Michael
Dunne, Mr. Philip	Jackson, Mr. Stewart
Evennett, Mr. David	Jones, Mr. David
Fabricant, Michael	Jones, Lynne
Fallon, Mr. Michael	Kawczynski, Daniel

Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Marshall-Andrews, Mr. Robert
Mason, John
Mates, rh Mr. Michael
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Chope, Mr. Christopher
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Philip
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain

McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Widdecombe, rh Miss Ann
Williams, rh Mr. Alan
Wills, Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ms Dawn Butler and Steve McCabe

Question accordingly negatived.

New Clause 14

INTERNATIONAL AVIATION AND SHIPPING EMISSIONS

"(1) The Secretary of State shall lay before Parliament a report including—

(a) a projection of the level of emissions he expects to arise from international aviation and shipping which are the result of UK economic activity,

(b) an explanation of the methodology used to make this emissions projection, and

(c) the way in which any carbon budgets have been adjusted to take account of such projections.

(2) When making the above projection, the Secretary of State shall have regard to international carbon reporting practice.

(3) The projection shall cover any year for which a carbon budget has been set, and may include any other years that the Secretary of State considers appropriate.".—*[Steve Webb.]*

Brought up, and read the First time.

Question put, That the clause be added to the Bill:—

The House divided: Ayes 62, Noes 280.

Division No. 296] **[9.15 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Davey, Mr. Edward
Davies, Mr. Dai
Durkan, Mark
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Galloway, Mr. George
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Horwood, Martin
Hosie, Stewart
Howarth, David
Hunter, Mark
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Leech, Mr. John
Llwyd, Mr. Elfyn
Mason, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pelling, Mr. Andrew
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Rowen, Paul
Short, rh Clare
Smith, Sir Robert
Stunell, Andrew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Bob Russell and Jo Swinson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David

Chope, Mr. Christopher
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Philip
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ms Dawn Butler and Steve McCabe

Question accordingly negatived.

New Clause 18

REPORT ON THE CIVIL ESTATE

'(1) It is the duty of the Office of Government Commerce to lay before Parliament each year a report setting out the progress Her Majesty's Government has made towards improving the efficiency and sustainability of its civil estate.

(2) The report must include the progress made towards—

(a) reducing the size of the civil estate;

(b) improving the sustainability of the buildings that already form part of the civil estate; and

(c) ensuring that any new buildings procured for the civil estate are in the upper quartile of energy performance.

(3) Where any new building procured for the civil estate is not in the upper quartile of energy performance, the report must state the reasons why this is the case.

(4) A report under this section must be laid before Parliament not later than 1st June in the year in which it is to be so laid.'.—*[Joan Ruddock.]*

Brought up, read the First time and added to the Bill.

Question put, That Government amendments Nos. 1, 28 to 31, 72 and 32 to 47 be made.

The House divided: Ayes 476, Noes 5.

Division No. 297] **[9.28 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Alexander, Danny
Alexander, rh Mr. Douglas
Amess, Mr. David
Ancram, rh Mr. Michael
Armstrong, rh Hilary
Atkins, Charlotte
Bacon, Mr. Richard
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Baldry, Tony
Balls, rh Ed
Barker, Gregory
Barlow, Ms Celia
Baron, Mr. John
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Borrow, Mr. David S.
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Francois, Mr. Mark
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gidley, Sandra
Gillan, Mrs. Cheryl
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Patrick
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lammy, Mr. David
Lansley, Mr. Andrew
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Dr. Julian

Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Mason, John
Mates, rh Mr. Michael
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paice, Mr. James
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Popo, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rogerson, Dan
Rooney, Mr. Terry
Rosindell, Andrew
Rowen, Paul
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Simpson, Mr. Keith
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Streeter, Mr. Gary
Stuart, Ms Gisela
Stuart, Mr. Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Wallace, Mr. Ben
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Wicks, Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Ms Dawn Butler and Steve McCabe

NOES

Davies, Philip
Greenway, Mr. John
Lilley, rh Mr. Peter
Tyrie, Mr. Andrew
Widdecombe, rh Miss Ann

Tellers for the Noes:
Mr. Christopher Chope and Sammy Wilson

Question accordingly agreed to.

Clause 1

THE TARGET FOR 2050

Amendments made: No. 1, page 1, line 6, leave out '60%' and insert '80%'.

No. 28, page 1, line 7, leave out subsection (2) and insert—

'(2) "The 1990 baseline" means the aggregate amount of—

(a) net UK emissions of carbon dioxide for that year, and

(b) net UK emissions of each of the other targeted greenhouse gases for the year that is the base year for that gas.'.—*[Joan Ruddock.]*

Clause 2

AMENDMENT OF 2050 TARGET OR BASELINE YEAR

Amendment made: No. 29, page 2, line 18, leave out from 'since' to end of line 20 and insert 'the passing of this Act;'.—*[Joan Ruddock.]*

Clause 5

LEVEL OF CARBON BUDGETS

Amendment made: No. 30, page 4, line 4, at end insert—

'(4) For the purposes of subsection (1)(a) there shall be left out of account—

(a) so much of the carbon budget for the budgetary period including the year 2020 as the Secretary of State may determine relates to targeted greenhouse gases other than carbon dioxide, and

(b) so much of the 1990 baseline as is attributable to targeted greenhouse gases other than carbon dioxide.'.—*[Joan Ruddock.]*

Clause 6

AMENDMENT OF TARGET PERCENTAGES

Amendment made: No. 31, page 4, line 31, at end insert—

'( ) The power conferred by this section to amend the percentage in section 5(1)(a) includes power to amend or repeal section 5(4) (which directs that targeted greenhouse gases other than carbon dioxide are to be left out of account for the purposes of that provision).'.—*[Joan Ruddock.]*

Clause 10

MATTERS TO BE TAKEN INTO ACCOUNT IN CONNECTION WITH CARBON BUDGETS

Amendment made: No. 72, page 6, line 26, at end insert—

'(i) the emissions of greenhouse gases from international aviation or international shipping that the Secretary of State expects to arise during the budget period.'.—*[Joan Ruddock.]*

Clause 15

ANNUAL STATEMENT OF UK EMISSIONS

Amendments made: No. 32, page 8, line 32, leave out 'each targeted greenhouse gas' and insert 'carbon dioxide'.

No. 33, page 8, line 33, after '1990,' insert—

'( ) the amount of net UK emissions of each targeted greenhouse gas other than carbon dioxide for the year that is the base year for that gas,'.—*[Joan Ruddock.]*

Clause 23

TARGETED GREENHOUSE GASES

Amendment made: No. 34, page 12, line 25, after 'dioxide,' insert—

'( ) methane,

( ) nitrous oxide,

( ) hydrofluorocarbons,

( ) perfluorocarbons,

( ) sulphur hexafluoride,'.—*[Joan Ruddock.]*

Clause 24

BASE YEARS FOR TARGETED GREENHOUSE GASES OTHER THAN CO2

Amendment made: No. 35, page 13, line 3, leave out subsections (1) and (2) and insert—

'(1) The base years for the purposes of this Act for targeted greenhouse gases other than carbon dioxide are—

Gas	*Base year*
Methane	1990
nitrous oxide	1990
Hydrofluorocarbons	1995
Perfluorocarbons	1995
sulphur hexafluoride	1995

(1A) The Secretary of State may make provision by order amending the table in subsection (1) so as to—

(a) specify the base year for a gas designated as a targeted greenhouse gas by order under section 23(1), or

(b) specify a different base year from that for the time being specified in relation to any targeted greenhouse gas other than carbon dioxide.

(1B) An order may—

(a) designate a particular base year, or

(b) designate a number of base years and provide that the average amount of net UK emissions of a gas for those years is to be treated for the purposes of this Act as the amount of net UK emissions for the base year.

(1C) The power in subsection (1A)(b) may only be exercised if it appears to the Secretary of State that there have been significant developments in European or international law or policy that make it appropriate to do so.'.—*[Joan Ruddock.]*

Clause 29

EMISSIONS FROM INTERNATIONAL AVIATION OR INTERNATIONAL SHIPPING

Amendments made: No. 36, page 16, line 4, leave out from second 'the' to end of line 5 and insert 'expiry of the period ending with 31st December 2012'.

No. 37, page 16, line 25, leave out 'the 1990 baseline in relation to those periods' and insert 'UK emissions of that gas for the year that is the base year for that gas'.

No. 38, page 16, line 30, leave out 'taken into account as if part of the 1990 baseline' and insert 'treated for the purposes of this Act as UK emissions of that gas for the year that is the base year for that gas'.

No. 39, page 16, line 30, at end insert—

'( ) For the purposes of this section the base year for carbon dioxide is the year that is the baseline year for the purposes of this Part.'.—*[Joan Ruddock.]*

Clause 32

ADVICE ON LEVEL OF 2050 TARGET

Amendment made: No. 40, page 17, line 17, leave out 'before' and insert 'not later than'.—*[Joan Ruddock.]*

Clause 33

ADVICE IN CONNECTION WITH CARBON BUDGETS

Amendment made: No. 41, page 18, line 13, leave out 'before' and insert 'not later than'.—*[Joan Ruddock.]*

Clause 39

POWERS TO GIVE GUIDANCE

Amendment made: No. 42, page 20, line 26, at end insert—

'( ) section (Advice in connection with international aviation and international shipping) (advice in connection with international aviation and international shipping),'.—*[Joan Ruddock.]*

Clause 40

POWERS TO GIVE DIRECTIONS

Amendment made: No. 43, page 21, line 10, at end insert—

'( ) section (Advice in connection with international aviation and international shipping) (advice in connection with international aviation and international shipping),'.—*[Joan Ruddock.]*

Clause 81

REPORT ON CONTRIBUTION OF REPORTING TO CLIMATE CHANGE OBJECTIVES

Amendment made: No. 44, page 38, line 19, leave out '2011' and insert '2010'.—*[Joan Ruddock.]*

Clause 94

EXTENT

Amendment made: No. 45, page 45, line 11, at end insert—

'( ) Section (Carbon emissions reduction targets) and Schedule (Carbon emissions reduction targets) (carbon emissions reduction targets) extend to England and Wales and Scotland only.'.—*[Joan Ruddock.]*

Clause 95

COMMENCEMENT

Amendments made: No. 46, page 45, line 13, after 'budgeting)', insert

', Part 2 (the Committee on Climate Change).

No. 47, page 45, line 15, leave out subsection (2).—*[Joan Ruddock.]*

New Schedule 1

CARBON EMISSIONS REDUCTION TARGETS

Gas Act 1986 (c. 44)

1 (1) Section 33BC of the Gas Act 1986 (promotion of reductions in carbon emissions: gas transporters and gas suppliers) is amended as follows.

(2) After subsection (1) insert—

"(1A) The power to make orders under this section may be exercised so as to impose more than one carbon emissions reduction obligation on a person in relation to the same period or to periods that overlap to any extent.".

(3) In subsection (5) (provision that may be made by an order under section 33BC in relation to the obligations it imposes), after paragraph (b) insert—

"(ba) requiring the whole or any part of a carbon emissions reductions target to be met by action relating to—

(i) persons of a specified description,

(ii) specified areas or areas of a specified description, or

(iii) persons of a specified description in specified areas or areas of a specified description;".

(4) In subsection (13) (interpretation), at the appropriate place insert—

""specified" means specified in the order.".

Electricity Act 1989 (c. 29)

2 In section 6(9) of the Electricity Act 1989 (definition of "electricity distributor" and "electricity supplier"), at the appropriate place insert—

""electricity generator" means any person who is authorised by a generation licence to generate electricity except where that person is acting otherwise than for purposes connected with the carrying on of activities authorised by the licence;".

3 (1) Section 41A of that Act (promotion of reductions in carbon emissions: electricity distributors and electricity suppliers) is amended as follows.

(2) In subsection (1) (power by order to impose obligations on distributors and suppliers to achieve carbon emissions reductions targets)—

(a) before paragraph (a) insert—

"(za) on each electricity generator (or each electricity generator of a specified description);", and

(b) in the closing words, before "distributor" insert "generator,".

(3) After that subsection insert—

"(1A) The power to make orders under this section may be exercised so as to impose more than one carbon emissions reduction obligation on a person in relation to the same period or to periods that overlap to any extent.".

(4) In subsection (3) (power for order to specify criteria by reference to which the Gas and Electricity Markets Authority is to determine targets), before "electricity distributors" insert "electricity generators,".

(5) In subsection (4) (duty of the Secretary of State and the Authority to carry out functions under the section in a way that does not inhibit competition), for the words from "no electricity distributor" to the end of the subsection substitute "—

(a) no electricity generator is unduly disadvantaged in competing with other electricity generators,

(b) no electricity distributor is unduly disadvantaged in competing with other electricity distributors, and

(c) no electricity supplier is unduly disadvantaged in competing with other electricity suppliers.".

(6) In subsection (5) (provision that may be made by an order in relation to the obligations it imposes)—

(a) in paragraph (a), before "electricity distributors" insert "electricity generators,",

(b) after paragraph (b) insert—

"(ba) requiring the whole or any part of a carbon emissions reductions target to be met by action relating to—

(i) persons of a specified description,

(ii) specified areas or areas of a specified description, or

(iii) persons of a specified description in specified areas or areas of a specified description;",

(c) in paragraph (d), before "distributors" insert "generators,", and

(d) in paragraph (f), before "distributors" insert "generators,".

(7) In subsection (6) (power for order to authorise the Authority to require the provision of information), before "distributor" insert "generator,".

(8) In subsection (7)(d) (power for order to make provision for transfer of person's target to another distributor or supplier or to a gas transporter or supplier), before "electricity distributor" insert "electricity generator,".

(9) In subsection (8)(d) (power for order to make different provision in relation to different distributors or suppliers), before "distributors" insert "generators,".

(10) In subsection (11) (duty to consult before making order), before "electricity distributors" insert "electricity generators,".

(11) In subsection (13) (interpretation), at the appropriate place insert—

""specified" means specified in the order.".

(12) In the heading, before "electricity distributors" insert "electricity generators,".

4 (1) Section 42AA of that Act (publication of statistical information about performance of suppliers and distributors) is amended as follows.

(2) In subsection (1) (duty of Gas and Electricity Consumer Council to publish information about performance and consumer complaints)—

(a) in paragraph (a), before "electricity suppliers" insert "electricity generators,", and

(b) in paragraph (b), before "suppliers" insert "generators,".

(3) In subsection (2) (definition of "complaints"), before "electricity suppliers" insert "electricity generators,".

5 In section 64(1) of that Act (interpretation etc of Part 1), in the definition of "electricity distributor" and "electricity supplier", after ""electricity distributor"" insert ", "electricity generator"".

Utilities Act 2000 (c. 27)

6 (1) Section 103 of the Utilities Act 2000 (overall carbon emissions reduction targets) is amended as follows.

(2) In subsection (1)(b) (power by order to specify overall target for the promotion of measures mentioned in section 41A(2) of the 1989 Act), before "distributors" insert "generators,".

(3) After subsection (1) insert—

"(1A) The power conferred by this section may be exercised so as to specify more than one overall target in relation to the same period or to periods that overlap to any extent.".

(4) In subsection (2)(b) (power for order to specify criteria for apportionment of overall target between electricity and gas sectors), before "electricity distributors" insert "electricity generators,".

(5) In subsection (4) (duty to consult before making order), before "electricity distributors" insert "electricity generators,".'.—*[Joan Ruddock.]*

Brought up, read the First time, and added to the Bill.

Schedule 1

COMMITTEE ON CLIMATE CHANGE

Amendments made: No. 48, page 48, line 16, at end insert—

'( ) This paragraph does not apply in relation to the Adaptation Sub-Committee.'

No. 49, page 48, line 29, at end insert—

'( ) A person ceases to be the ASC chair if the person—

(a) resigns that office by giving written notice to the Secretary of State, or

(b) ceases to be a member of the ASC.

( ) The ASC may include persons who are not members of the Committee.

( ) Paragraphs 3 to 5 (term of office) apply to a person who is—

(a) a member of the Committee, and

(b) a member of the ASC,

in that person's capacity as a member of the ASC.

( ) Those paragraphs and paragraphs 8 to 10 (remuneration and pensions etc) apply to a member of the ASC who is not a member of the Committee as they apply to a member of the Committee.

( ) In the application of paragraph 5(a) by virtue of this paragraph, the reference to the Committee is a reference to the ASC.

( ) A person who—

(a) ceases to be a member of the ASC, or

(b) ceases to be the ASC chair,

may be reappointed to that office.'

No. 50, page 50, line 20, at end insert—

'( ) section (Advice in connection with international aviation and international shipping) (advice in connection with international aviation and international shipping),'.—*[Joan Ruddock.]*

Title

Amendment made: No. 51, line 11, after 'obligations;', insert

'to make provision about carbon emissions reduction targets;'.—*[Joan Ruddock.]*

Order for Third Reading read.

9.43 pm

Edward Miliband: I beg to move, That the Bill be now read the Third time.

It is right for me to start this Third Reading debate by paying tribute to those who have done the hard work to get the Climate Change Bill to its final lap; I am thinking in particular of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, who oversaw the Bill through almost all its stages. It is also right for me to pay tribute to his immediate predecessor, my right hon. Friend and brother the Foreign Secretary, who also had a hand in this. I asked him whether he could be here this evening; sadly, he could not. I commend the Minister of State, Home Department, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas), my hon. Friend the Under-Secretary for her work today, and, in the other place, Lord Rooker.

Let me also pay tribute to Members—

Mr. Lilley: I am grateful to the Secretary of State for giving way, but there is very little time to waste on these pleasantries. Could he explain why the business was so arranged that we had no opportunity to debate the increase by one third in the emissions reduction target from 60 per cent. to 80 per cent., even though by any calculation that must increase the cost by tens of billions of pounds, and why he refused to produce a revised impact assessment to give us any figures on what the costs and benefits are, which means that this House is voting on something that it has neither debated nor had any cost assessment on to aid its decision?

Edward Miliband: I would say to the right hon. Gentleman, who is much more experienced in this House than I am, that it was up to Members to ensure that we got through the business. Members spoke at great length; he made a contribution as well. The House has clearly spoken on this issue. With five Members and the overwhelming majority of Members voting as they did, the mood and sentiment of the House is pretty clear.

Let me pay tribute to most Members across the House for their work on the Bill, including Opposition Front Benchers for their support, encouragement and mainly constructive ideas, and to all those who scrutinised the Bill in draft form.

There are three important things about the Bill, the first of which is its ambition, to which the right hon. Member for Hitchin and Harpenden (Mr. Lilley) referred. It will make us the first country in the world to enshrine in law binding climate change targets that are stretching and ambitious, as they need to be—80 per cent. by

[Edward Miliband]

2050. They provide a scale of ambition that will enable us to play our part, with authority, in seeking a global agreement in Copenhagen at the end of next year. As Friends of the Earth has said,

"the world's first climate change law will also be a world class climate change law".

The second reason the Bill is unique is the central role played by the independent Committee on Climate Change, which ensures that Britain's long-term framework will continue to be guided by the evidence, whatever the short-term pressures facing politicians of the day. We see that in its advice on the 80 per cent. target, as we no doubt will in its advice on carbon budgets, which will be published on 1 December. At a time when we face economic difficulties, it is important that we in this House not only continue to be ambitious about climate change but are guided by the science, and the Committee on Climate Change will ensure that that happens.

The third reason the Bill is a landmark is its recognition—some Members do not like this—of the scale of the shift that will be required to meet our ambitions. That requires action from every section of our society. For our whole economy, the advent of carbon budgets will help to drive the necessary transition in the way we use resources. For the energy sector, the obligations on companies to meet carbon-reduction targets for households will help the shift towards energy saving. For business as a whole, the measures on corporate reporting recognise, as do many British businesses, that cutting carbon emissions is now a necessary part of doing business. For the public sector, we need to do better, and the proposals on reporting on energy efficiency and being part of a new carbon-reduction commitment represent a recognition of that.

It is very welcome that these key features of the Bill—the ambitions, the mechanisms and the need for a shift in all parts of society—have commanded near-universal consensus in this House. As I said in my statement earlier this month—I think that we should freely acknowledge this—we know that the hard work to achieve our climate change objectives has, in a way, only just begun. We should be pleased about what we have achieved: a 16 per cent. cut in emissions since 1990 that means that we are one of only a few countries to be on track to meet our Kyoto targets; an increase in offshore wind that means that we have now overtaken Denmark; and a tripling of renewable energy in the past five years.

However, we know that there is a lot more to do. That is why I announced the feed-in tariff last week, why we need to tackle renewable energy being connected to the grid, why we need investment in carbon capture and storage, and why we need diversity in our energy sources. We are determined to make progress not just through this Bill, but during this year, next year and into the next Parliament. We look forward to many years of support from the Opposition as we do so.

I end by paying tribute not to those in the House, but to those outside it: those who saw the dangers of climate change and the actions that needed to be taken long before the politicians did. I pay tribute to the scientists who detected the problem, the campaigners who fought to bring it to public attention, the green movement that mobilised for change, and above all, the members of the public who wrote to us in record numbers, asking for a Bill that met the scale of the challenge. I believe that we have met that challenge. We owe them a debt of gratitude for making it happen, and I urge all Members to support the Third Reading.

9.50 pm

Greg Clark (Tunbridge Wells) (Con): I regret that there is little time to thank individually all the people who have contributed to the Bill during its passage, both inside the House and out of it. I would like to pay tribute to my right hon. Friend the Member for West Dorset (Mr. Letwin), who first pressed for the Bill to be taken up by the Government, and my hon. Friend the Member for East Surrey (Mr. Ainsworth), who previously stood in my place. One of the things that he bequeathed to me was the expertise and enthusiasm of my hon. Friend the Member for Bexhill and Battle (Gregory Barker), my parliamentary neighbour.

This Bill has attracted an unusual spirit of cross-party co-operation in both Houses. That is appropriate, because to succeed the Bill must lay foundations that endure from one Parliament to the other and indeed, eventually, from one generation to another. By 2050, we will all be gone from this House—some sooner than others—but those who come after us will remember our names because it is this generation that will be judged on what we did in response to the challenge of climate change. That point was well made by Margaret Thatcher. Speaking of our duty to nature, she said:

"That duty is constant…It will weigh on our shoulders for as long as we wish to dwell on a living and thriving planet, and hand it on to our children and theirs."

As robustly as we support the Bill, I know that a few people in this House and in the country have concerns about it. Since we have not had much time to debate them tonight, let me make some mention of them. Some are suspicious that a purported scientific consensus reflects more group think than rigour. Others worry that the costs of action to our businesses and our economy may be too great. Others fear that the Bill indicates a unilateral, rather than a multilateral approach. Let me take those points briefly in turn. Churchill says that scientists should be on top—*[Laughter.]* Scientists should be on tap, not on top. I agree with that, the way he said it—correctly. That is why advice to Ministers should be given in public through the committee, not behind closed doors, and it should be subject to the scrutiny and ultimate approval of this House.

On the question of affordability, the Bill provides the Secretary of State not just with the opportunity, but the obligation to set carbon budgets in the light of the science and the crucial economic and business issues of the day. In any case, what is affordable? Is it clinging to a high-carbon economy and everything that that implies for our energy security, price volatility and the costs of doing business, or is it switching to secure, stable and efficient energy systems that put British business, particularly British process industries, which have long been world-beating, into the forefront of world innovation?

I am a multilateralist. I do not believe that Britain should act alone, but this Bill provides for the Secretary of State to give leadership in our international negotiations and, at all times, to have the flexibility to ensure that other countries come with us. That is the crucial approach to our climate change policy. We cannot stand alone; we have to take the rest of the world with us.

During the past 10 years, the Government have often operated without a long-term energy policy; they have dithered and delayed over nuclear power, and emissions have risen in the most recent years. We are not even certain we can keep the lights on for the next 15 years. If we have learned anything from that experience, it is that we need serious long-term policies, not the short-termism of the past 10 years. This Bill helps to secure that.

9.54 pm

Steve Webb: The Bill is welcome and important, and the process of scrutiny has improved it. We welcome the fact that the new Secretary of State has made several concessions, or improvements, in the final stages of the measure's passage—most notably his acceptance of our 80 per cent. amendment. It is the first time that I have seen a Secretary of State's name added to an amendment that I tabled, but I hope that it sets a precedent, which will be followed many times.

My worry about Third Reading was that it would become an occasion for slightly too much self-congratulation when, as the Secretary of State said, we are at the beginning of a difficult process. Many people asked whether the target of 80 per cent. was too tough and whether it was achievable. I believe that history will judge that it errs on the low side—new evidence and information suggests further, faster, deeper. I fear that we may have to revisit the targets to strengthen them to avoid the dangerous climate change that we are united in fearing.

Although the 2050 targets have rightly been strengthened, the 2020 target has been left untouched. We have not been able to put that right this evening. I know that the Secretary of State accepts that the end point is all very well but that how we get there, and especially how fast, is important. I hope that the Government will revisit that.

The other big concern that remains is the lack of clarity on the domestic effort required to achieve the goals. Although we have ambitious targets, many of them could be brought in without any decarbonisation of the British economy. Clearly, we should not follow that path and we would have welcomed some guarantees about that. I know that Ministers would have offered them, if we had had the opportunity, but it was not to be.

Influences on the Bill have come from inside and outside the House. My hon. Friend the Member for Cheltenham (Martin Horwood) and I have benefited hugely from the expertise of Friends of the Earth and many other campaigning organisations. They may even have helped us draft the odd amendment.

I am proud to have been part of the process of considering the Bill and I urge the House to give it a Third Reading.

9.56 pm

Colin Challen: I would like to add my welcome to the Bill. It will have an enormous impact on the way in which we order our economy and how the Government work. I am not sure that many people have assimilated that yet. In this place, we are often accused of short-termism; perhaps we are considering the first Bill about long-termism, and that is a good thing.

However, if our constituents experience floods and water lapping around their living rooms and we say that perhaps a wind farm is the solution, we will be hit by the sort of short-term requirements that all politicians face when their constituents suffer a crisis. The battle has therefore only just begun, because our long-term vision has yet to be sold to the public, who currently face other difficulties. In that sense, it is the worst time to talk about a long-term vision.

I hope that we will vigorously insist that the Bill is given the means to reach fruition and that we do not hold back on budgets. Nick Stern has doubled his assessment of how much we need to spend to tackle climate change to 2 per cent. We need to examine the figures and ask all Departments to reconsider the way in which they order their budgets when tackling climate change.

9.58 pm

Mr. Gummer: The crucial aspect of the Bill is that it sets up a Committee that has a genuine effect on not only the Government but the Opposition. It will no longer be possible for anyone to give a short-term answer to climate change issues. We should all recognise that, if we dislike what the Government propose, we must have an alternative that will deliver the same end. We have never previously had that in British politics because we have not been in a situation that binds our successors. The technique of creating the independent committee is crucial to the good governance of Britain in circumstances in which the traditional mechanisms do not fit the time scale of climate change. The Bill is therefore crucial and utterly different. I believe that the vote tonight will show that our system is capable of adapting even to the biggest threat to mankind that we have faced, in a knowledgeable sense, at any time. I therefore believe that we should be proud to be present and voting.

Question put, That the Bill be now read the Third time:—

The House proceeded to a Division.

Mr. Lilley: On a point of order, Mr. Speaker. Given that we are passing the Climate Change Bill, which is based on the supposition that the climate is getting warmer, let me point out that it is now snowing outside, in October.

Mr. Speaker: That is not a matter for the Chair, but it may be because the Almighty wants to make a Scotsman like me feel at home down here in London.

The House having divided: Ayes 463, Noes 3.

Division No. 298] **[9.59 pm**

AYES

Abbott, Ms Diane	Atkins, Charlotte
Afriyie, Adam	Bacon, Mr. Richard
Ainger, Nick	Bailey, Mr. Adrian
Ainsworth, rh Mr. Bob	Baird, Vera
Ainsworth, Mr. Peter	Baker, Norman
Alexander, Danny	Baldry, Tony
Alexander, rh Mr. Douglas	Balls, rh Ed
Amess, Mr. David	Barker, Gregory
Ancram, rh Mr. Michael	Barlow, Ms Celia
Armstrong, rh Hilary	Baron, Mr. John

Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Benton, Mr. Joe
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Borrow, Mr. David S.
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Cameron, rh Mr. David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Corbyn, Jeremy
Cousins, Jim
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Djanogly, Mr. Jonathan
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Etherington, Bill
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Francois, Mr. Mark
Gale, Mr. Roger
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gidley, Sandra
Gillan, Mrs. Cheryl
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hague, rh Mr. William
Hall, Patrick
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hope, Phil
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kawczynski, Daniel
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Dr. Julian
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Meale, Mr. Alan
Mercer, Patrick
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael

Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Mundell, David
Munn, Meg
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paice, Mr. James
Paterson, Mr. Owen
Pearson, Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Angus
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rogerson, Dan
Rooney, Mr. Terry
Rosindell, Andrew
Rowen, Paul
Ruddock, Joan
Ruffley, Mr. David
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Shapps, Grant
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stewart, Ian
Strang, rh Dr. Gavin
Streeter, Mr. Gary
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vara, Mr. Shailesh
Vaz, rh Keith
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Wallace, Mr. Ben
Walley, Joan
Waltho, Lynda
Ward, Claire
Waterson, Mr. Nigel
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Wicks, Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Ms Dawn Butler and Steve McCabe

NOES

Chope, Mr. Christopher
Lilley, rh Mr. Peter
Tyrie, Mr. Andrew

Tellers for the Noes:
Miss Ann Widdecombe and Philip Davies

Question accordingly agreed to.

Bill read the Third time, and passed, with amendments.

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith, pursuant to Standing Order No. 15 (Exempted business).

That, at this day's sitting, proceedings on the Motion in the name of Ms Harriet Harman relating to Standing Orders etc. (Energy and Climate Change) may be proceeded with, though opposed, until any hour.—*[Claire Ward.]*

Question agreed to.

Standing Orders Etc. (Energy and Climate Change)

10.15 pm

The Deputy Leader of the House of Commons (Chris Bryant): I beg to move,

That the following amendments be made in respect of Standing Orders:

A SELECT COMMITTEES RELATED TO GOVERNMENT DEPARTMENTS

That Standing Order No. 152 (Select committees related to government departments) be amended in the Table in paragraph (2) by inserting, in the appropriate place, the following item:

Energy and Climate Change	Department of Energy and Climate Change	14

B LIAISON COMMITTEE

That the Resolution of the House of 13th July 2005 relating to Liaison Committee (Membership) be further amended in paragraph (2) by inserting, in the appropriate place, 'Energy and Climate Change'.

C EUROPEAN COMMITTEES

That Standing Order No. 119 be amended by inserting in the Table in paragraph (6), in respect of European Committee A, in the appropriate place, 'Energy and Climate Change'.

Departmental Select Committees are a well-respected, integral and vital part of the House's scrutiny of Government. Following the 1978 report of the Procedure Committee and their creation in 1979, they took over the role formerly performed, in a rather haphazard way, by the specially appointed investigatory committees of the House and the several topic-based committees that were set up in the 1960s under Richard Crossman as Leader of the House. The creation of departmental Select Committees is one innovation—or, dare I say, modernisation—that everyone has hailed as a resounding success. It has been the convention that each Government Department has a Select Committee to scrutinise its policies, its expenditure and its work. Consequently, whenever a new Department of Government has been created, there has been a consequential change in Select Committees.

As Members will know, on 3 October, my right hon. Friend the Prime Minister created a new Department of Energy and Climate Change. The Government have wanted to move as swiftly as possible to ensure the proper scrutiny of the new Department. Its role, as my right hon. Friend the Secretary of State explained to the House on 16 October, is to ensure that we have energy that is affordable, secure and sustainable, to bring about the transition to a low-carbon Britain and to achieve an international agreement on climate change at the United Nations climate change conference in Copenhagen at the end of next year. Members in all parts of the House welcomed the creation of the new Department, and I hope that they will welcome the Government's swift action to establish the new Committee.

Part A of the motion creates a new departmental Select Committee to examine the expenditure, administration and policy of the Department of Energy and Climate Change. It will have exactly the same role and powers as other departmental Select Committees. The Government have proposed a membership of 14, but the hon. Member for South Suffolk (Mr. Yeo)—who is present—supported by the hon. Member for Mid-Worcestershire (Peter Luff), has tabled amendment (a), which proposes the reduction of the membership from 14 to 11. I look forward to hearing their arguments during the debate.

Mr. Michael Jack (Fylde) (Con): Can the Deputy Leader of the House acquaint the House with the representations received by the Leader of the House on this matter and with the Government's reasons for choosing not to respond positively to them, but to present the recommendation that forms the basis of the motion?

Chris Bryant: I am not particularly aware that many representations have been made to the Leader of the House, although I have received quite a few representations myself this evening in the Chamber from Members throughout the House, and I suspect that I am about to receive another in a moment. I am happy to listen to the debate and see where we go from there.

Angus Robertson (Moray) (SNP): The Deputy Leader of the House is right to observe that the Committee is important, and that it is important for all shades of opinion in the House to be represented on it. Will he confirm that the difference between a membership of 14 and one of 11 is that a membership of 11 would effectively mean that minority parties in all parts of the House would not automatically be represented?

Chris Bryant: It depends what the hon. Gentleman means by a minority party. Obviously, the Liberal Democrats are normally included in the concept of a minority party, and I understand that it is normally up to the Committee of Selection to decide precisely who ends up on a committee. In the case of the hon. Gentleman's party, that would depend on what was advanced by the Liberal Democrats. But, as I said to the right hon. Member for Fylde (Mr. Jack), I am more than happy to listen to the debate and see where we go from there.

Dr. William McCrea (South Antrim) (DUP): I thank the Deputy Leader of the House for allowing us to question him. He said that Members in all parts of the House welcomed the new Department and that it was therefore vital for all Members to have something to say about the Committee. Surely, given the importance of this issue throughout the United Kingdom, the minority parties should at least be represented on the Committee. Why should the membership be changed from 14 to 11?

Chris Bryant: As the hon. Gentleman knows, the Government have tabled a proposal for a committee of 14. Two Members have already made the point that there are clear representations in favour of having the larger size, rather than a committee of 11.

Joan Walley (Stoke-on-Trent, North) (Lab): Can my hon. Friend assure Members that nothing in the arrangements for the new Select Committee will undermine in any way the cross-cutting function of the Environmental Audit Committee, which the Government set up to look at all aspects of the environment in an integrated, joined-up way?

Chris Bryant: I intend to come on to that point later. My hon. Friend is a very active member of the Environmental Audit Committee. It was set up as a

result of a manifesto commitment by the Labour party in 1997 and we have no intention of getting rid of it or undermining it.

Peter Luff (Mid-Worcestershire) (Con): On a matter of fact, the Business and Enterprise Committee, which I chair, has 11 members, and we have one Liberal Democrat and one extremely valuable Scottish National party member, the hon. Member for Angus (Mr. Weir), who makes a fine contribution to the Committee's work. A committee of 11 members can, therefore, accommodate both the minority groupings: the Liberal Democrats and the nationalists.

Chris Bryant: I am grateful to the hon. Gentleman for his comments, and I am sure he knows his Select Committee far better than I do. As I have said, I am happy to listen to this evening's debate and see where it takes us.

Simon Hughes (North Southwark and Bermondsey) (LD): I, too, am listening to discover the mood of the House. For both size options—for 11 and 14—how many of the places would the Government seek to have for Labour Members?

Chris Bryant: I shall have to come back to the hon. Gentleman on that. It is my understanding that the number is usually six, but if I have to correct that statement later after having been more suitably informed, I reserve the right to do so. In the end, it is for the Committee of Selection to decide.

Part B provides that the Chairman of the new Committee shall be a member of the Liaison Committee. Part C provides for European Union documents falling within the Department's responsibility to be referred by the European Scrutiny Committee to a European General Committee for debate.

All departmental Select Committees operate under the same system. There are, however, two Committees of the House that have rather different functions: the Public Accounts Committee, which dates back to 1861 and is the oldest of the House's Committees, and the Environmental Audit Committee, which, as I have said, was established as a result of a Labour manifesto commitment in 1997. That Committee, chaired by the hon. Member for South Suffolk, has taken the lead in examining climate change issues across Government and has covered wider topics, for instance through its highly respected annual analysis of the environmental implications of the pre-Budget report and its work on sustainable development. I pay tribute to its members, many of whom have, both personally and from within the Committee, led the debate on these issues, as we have witnessed today in the Chamber.

Clearly, there is the potential for overlap between the Environmental Audit Committee and the new Committee that we hope to set up tonight, but that is nothing new. Both departmental and non-departmental Select Committees have always adopted a flexible approach to their terms of reference, which is a good thing as it allows for joined-up scrutiny free from the sometimes artificial boundaries of departmental responsibilities. Moreover, the Environmental Audit Committee is very much akin to the Public Accounts Committee, whose cross-departmental remit has not been obviated by the existence of the Treasury Committee. We are reluctant to abolish the Environmental Audit Committee, as we believe it still performs an effective and important role in monitoring environmental issues at a cross-departmental level. We would, therefore, like to wait and see how the two Committees work together before taking any long-term decisions about the future of the Environmental Audit Committee.

Mr. Jack: Why does the Deputy Leader of the House think that only two Committees have an interest in environmental issues? The Environment, Food and Rural Affairs Committee, which I have the honour of chairing, has the job of scrutinising the Government's conduct in respect of the Sustainable Development Commission and many other associated environment issues. If the Deputy Leader of the House is to propose the case for monitoring two Committees working together, I entreat him also to include our Committee and thereby to make it three.

Chris Bryant: The right hon. Gentleman has pre-empted exactly what I was about to say. Clearly, there are other Committees that have historically had an interest in the matter, but that is true in many cases. For instance, in the case of the Communications Act 2003, there were two Select Committees that had a prime interest, the Select Committee on Culture, Media and Sport and the then Select Committee on Trade and Industry. There is constant interest in the House in ensuring that when there are overlapping interests, Committees work together rather than against one another.

Mr. John Gummer (Suffolk, Coastal) (Con): Has not the Minister revealed, maybe inadvertently, that the structure of Government relating to the environment is, as we have always said, entirely out of kilter? This is an opportunity for the Government to think seriously about the situation in which three Departments are responsible for matters that most of us would see as being concerned with the environment. We really ought to reconsider how we deal with the environment. That would be a very useful thing for him and the Leader of the House to raise with the Prime Minister.

Chris Bryant: Tempting as it is for me to raise such matters with the Prime Minister, I do not think that it is a very good idea. Most importantly, every Member who spoke in the House about the creation of the new Department welcomed it.

Mr. Gummer *indicated assent.*

Chris Bryant: The right hon. Gentleman nods sagely, so I think that he was merely trying to set me a trap, into which I have no intention of walking.

I should also mention the work of the Business and Enterprise Committee, chaired by the hon. Member for Mid-Worcestershire. I know that he will be sorry to lose his energy brief, as the Committee has recently done valuable work on energy prices and on fuel poverty, matters that are often raised in the House. However, business and enterprise remains a wide-ranging brief, and given the breadth of issues that the Committee has tackled in recent years, I know that it will continue to perform an invaluable service to the House. He has tabled amendment (b), which would delay the creation of the new Committee until January. If he feels that that is necessary to allow his Committee to complete work in

[Chris Bryant]

process and to effect an orderly transition, I am happy to listen to his arguments, should he catch your eye, Mr. Speaker.

Climate change has also been of interest to the Environment, Food and Rural Affairs Committee, chaired by the right hon. Member for Fylde. I am sorry that it has had to abandon its inquiry into international climate change policy post-2012, not least because I know that he has a long-standing interest in such issues, for which many Members have looked to him. I have no doubt that the Committee's written evidence, which it has placed in the Library, will be of interest to the Energy and Climate Change Committee when it comes into being.

The motion contains only the changes to Standing Orders that are necessary to bring the Department of Energy and Climate Change fully within the scope of the House's scrutiny arrangements. I therefore commend it to the House.

10.27 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The Opposition welcome the proposal for a new Select Committee. Select Committees obviously do a very important task of scrutinising both Departments and their Ministers, but, equally important, they have the control to be able to call to account other senior people in their areas.

The Deputy Leader of the House was not very convincing in dealing with the questions asked by the minority parties, with which I have some sympathy. I look forward to hearing more from my hon. Friends the Members for Mid-Worcestershire (Peter Luff) and for South Suffolk (Mr. Yeo), who are Chairmen of affected Select Committees. I hope that the Deputy Leader of the House will provide more suitable answers than we have had so far.

I would also be grateful if the Deputy Leader of the House gave a fuller reply to the important question asked by my right hon. Friend the Member for Fylde (Mr. Jack). It is all very well for the Minister to say that there will be a review of the Energy and Climate Change Committee and the Environmental Audit Committee, but what are to be the criteria for that review? How long will it be, or will it simply go on and on as has happened in other instances? More precision would be most welcome. Otherwise, the Opposition welcome the proposed new Select Committee.

10.29 pm

Simon Hughes (North Southwark and Bermondsey) (LD): It is intriguing to come to this debate from outside, where it is snowing, which signifies that something is happening to the climate. Some of us believe that it is right to respond to that legislatively—indeed, most of us agreed to do so just a few minutes ago. I am grateful to the Deputy Leader of the House for the way in which he introduced the debate, which is about the logical proposition that we should set up the appropriate Select Committee.

My Liberal colleagues and I have always said that debates such as this should take place one step earlier, before a new Department is set up, so that this place can scrutinise whether it should happen. That picks up the point made by the right hon. Member for Suffolk, Coastal (Mr. Gummer). It is a Government tradition that the Prime Minister can decide, either after long thought or little thought, to create a new Department. Departments come and go and their names change, but the reality is that they may not be justified. We have argued for a long time that, if a Government, either at the beginning of their term or at some other stage, wish to set up a new Department, it would be far better if the case for such a proposal had to be made and if this House could scrutinise whether it was made well. It is possible that, on examination, such a proposal would be found not to work well. There is a debate to be had—we have not had it today—as on how the new Department, headed by the Secretary of State for Energy and Climate Change, whom we welcome to his post, will work with existing Departments. One of those Departments has "environment" in its title and will continue to have environmental responsibilities, as will others.

Mr. Nick Hurd (Ruislip-Northwood) (Con): May I push the hon. Gentleman back a little in his argument? Surely it is for the Government to determine the structure of government and the structure of Departments, but it is the business of the House to determine how those Departments are scrutinised. My problem with the principle behind tonight's proposal is that we are being presented with an edict from this Government on the structure of a Committee that is being set up to scrutinise this Department, and, consequently, the three existing departmental Select Committees, chaired vigorously by members of the Opposition parties, are having their powers diluted in favour of the new departmental Select Committee, which will, presumably be chaired by a Government Member.

Simon Hughes: I take a slightly different view from the hon. Gentleman. He argues the conventional position that the Government can create and dissolve Departments at their whim. I argue that it is for the Government to propose, and for Parliament to agree to dispose, in respect of whether the structure is right. The Executive ought to concede power to the legislature. However, when a Department is set up, the logic is that there should be a Select Committee to hold it to account. Given that we do not have the position for which I wish, whereby we have a say in what Departments exist, we have to take what we are given by the Prime Minister of the day and, thus, logically there are departmental Select Committees to deal with those Departments. That is the consequence of the current structure, though I would rather the situation were otherwise.

Given the current situation, it is right that the Deputy Leader of the House has come before the House to propose the setting up of a new Select Committee, and that that Committee should be set up tonight. The options are simple. The first choice is whether the Committee has a membership of 14 or 11—that is why I asked him the question that I did. If the Committee has 11 members, the Government would expect to have six Labour places on it, whereas if it is a Committee of 14, they would expect to have eight places. Understandably, the Government would have a majority in each case.

It does not necessarily follow that the parties from Scotland, Wales and Northern Ireland would not be represented on the smaller Committee. I think that on an issue such as this, it is important that Northern

Ireland, where none of the three largest parties in the United Kingdom is represented, and Scotland have representation on the Select Committee. The hon. Member for Moray (Angus Robertson), who represents the Scottish National party, knows that the arrangements are negotiated between us, but my colleagues would not wish to prevent Northern Ireland, Scotland and Wales—I guess that they must sort things out between them—from being represented. That argument suggests a need for the larger Committee, rather than the smaller one. There is logic in ensuring that the Committee is as inclusive as possible.

I understand the other argument, which has not yet been enunciated, about the increasing number of Committees. Indeed, Select Committees for the English regions are to be proposed in the next couple of weeks. Given that the Government have a majority, we can assume that those Committees might come into existence, and so the work load of colleagues will grow. If Select Committees with 11 members could be accommodated across the board and if such an arrangement could be fair, that number would probably be a better norm to have. That is because opting for a smaller number of dedicated people might stretch colleagues less across all their scrutiny jobs, across all the Standing Committees and across all the other work. Given that we have not yet had the debate on regional Select Committees for England, and that we cannot assume that that will go through, it is right to prefer a larger committee in this context.

The other amendment would delay the start so that the motion does not come into effect until January. I do not know what the argument for that is—it will probably be put shortly. It may be to ensure co-ordination between the three existing Committees and Departments. That is a persuasive argument and the Minister could, at the same time as saying that he wants the motion to come into effect as soon as possible, be sensitive to the fact that many cross-cutting questions remain to be resolved. My initial instinct is to be sympathetic to that argument and hope that the House will accommodate that request from the Chairmen of existing Committees, so that the new Committee comes into operation at the beginning of the new year.

We are keen that such issues should be scrutinised, as the new Department is very important. It is right to link the energy and climate change agendas, and we wish the Secretary of State and his colleagues well in their important responsibilities. I hope that we can reach an accommodation that will find most favour with all parties. With the exception of the Labour party, all parties are minorities in this House, and in the country all parties are very clearly minorities, including the Labour party.

10.36 pm

Peter Luff (Mid-Worcestershire) (Con): I beg to move amendment (b), after "Standing Orders" at end insert

', with effect from 1st January 2009'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to take amendment (a), leave out '14' and insert '11'.

Peter Luff: First, I wish to recognise the courtesy that the Secretary of State is extending by attending this debate. It is greatly appreciated by all of us, and it is characteristic of him, if I may say so. His shadow is also in his place.

Those of us who have the privilege of being Select Committee Chairmen attach great importance to effective scrutiny of Departments. It would be helpful if the Executive tended to consult the Chairmen rather more about how that scrutiny should be conducted, instead of presenting the House with a fait accompli. I certainly made suggestions to the Leader's office about the structure of the Select Committees after the creation of the new Department. The Government are, of course, at liberty to disagree with me—I have no monopoly on wisdom—but it would have been good to find out that they disagreed with me, instead of having to rely on a motion appearing on the Order Paper.

The lack of consultation is disappointing. I approach this debate in a spirit of co-operation because I wish to achieve effective scrutiny, and I was disappointed that, having spoken to the Leader's office, I received no communication that the Government took a contrary view. It is also for the House to determine how it should scrutinise the Executive, not for the Executive to determine how it should be scrutinised. The motion therefore raises important issues of principle, but as I wish this to be a good-natured debate I shall put that to one side. It is just a shame that the approaches that I made to the Leader's office were not dealt with effectively.

I also wish to record my support for the new Department. Energy policy is one of the most important issues this nation faces, and the objectives of the Department are some of the most important objectives with which any Secretary of State has to contend. It is true that I personally regret the loss of energy from the responsibilities of my Select Committee—I am grateful to the Deputy Leader of the House for his comments—because I find energy policy fascinating intellectually and politically, and it is of great importance. However, it is right that we should have a separate Department for energy in the testing times that we face, especially in the context of climate change and worries about global warming.

I have concerns about how the Government have approached the setting up of the new Committee, and the lack of discussion with the Chairmen of the existing Committees, but I agree—with some reluctance—about the need for a new Department. It follows that we need a new Select Committee. This is a discussion of mechanisms, not principles.

On a question of principle, may I repeat what I said in an intervention in the speech by the Deputy Leader of the House about how much I value the contribution made by the Scottish Nationalist member of my Committee, the hon. Member for Angus (Mr. Weir)? He is an outstanding member of the Committee: he is diligent, hard-working, thoughtful and conciliatory, as well as bringing a great deal of knowledge to bear on the subjects discussed. I appreciate his contribution greatly. I see no reason why, with good will on both sides of the House, Committees of 11 could not accommodate the nationalists' aspirations to be properly represented on Committees of concern to them. The idea that we need a Committee of 14 to meet those aspirations is misguided and misplaced. I greatly value the contribution that the nationalists make to my Committee, and I wish to maintain that—certainly on the Business and Enterprise Committee.

Mr. Mike Weir (Angus) (SNP): I thank the hon. Gentleman for his kind words. Does he not remember that when the membership of the Business and Enterprise Committee was reduced, there was a problem with maintaining my place on the Committee? As a result of the reduction, another valuable Member, the hon. Member for Wellingborough (Mr. Bone), lost his seat on the Committee. There was a problem, and it was not simple to sort that out at the time.

Peter Luff: These matters are never simple, and the nature of the negotiations through the usual channels—of which I was once a part, when I was in my party's Whips Office—are often complex. I do not believe that it is necessary to impose the penalty of a Committee of 14 to achieve the desirable objective of ensuring that all parties in this House have a proper say on Select Committees.

The proposition that I put to the Leader of the House's office was that the Environmental Audit Committee, chaired so ably by my hon. Friend the Member for South Suffolk (Mr. Yeo), should be replaced by the Energy and Climate Change Committee. I understand the concerns expressed by the hon. Member for Stoke-on-Trent, North (Joan Walley) about the manifesto commitment in respect of a cross-cutting Environmental Audit Committee. The work done by that Committee is overwhelmingly in the climate change and energy area, and it will create a difficulty for all of us who will have a residual responsibility. My Committee cannot ignore the issues relating to the security of energy supply, which are of huge importance for the competitiveness of UK business. We will not ignore them.

I am sure that there will still be many issues relating to climate change and energy policy that are of concern to my right hon. Friend the Member for Fylde (Mr. Jack) as the Chairman of the Environment, Food and Rural Affairs Committee. Certainly, if the Environmental Audit Committee survives, my hon. Friend the Member for South Suffolk will have many issues relating to energy policy and climate change to consider. I fear that the Secretary of State for Energy and Climate Change could become the most scrutinised Secretary of State in the House of Commons, and he could be appearing before Select Committees on an alarmingly regular basis. The Government have not thought through the consequences of the change properly.

There is already a degree of awkward overlap between my Committee and that of my hon. Friend the Member for South Suffolk—I say this to him in the spirit of friendliness. Certainly, one or two of my hon. Friend's inquiries have caused a degree of confusion in the outside world, in particular an early one on "Keeping the lights on: Nuclear, Renewables and Climate Change", which was published in the 2005-06 Session. Overlap already exists, but this change will make the overlap even greater and more confusing for the outside world. My preference would have been for the Environmental Audit Committee to have been superseded by the Energy and Climate Change Committee, but we are where we are.

I shall come last to the substance of my amendment, but I shall now speak in support of an amendment that has not yet been moved. I hope that is in order, Mr. Deputy Speaker. On the thorny question of 11 members as against 14, I had the privilege of chairing what was then the Select Committee on Business, Enterprise and Regulatory Reform—which before that was the Select Committee on Trade and Industry—when it had 14 members. That is not a manageable number. It does not permit effective collegiate working of the Committee. It is too many.

I want to issue a public apology to the hon. Member for Great Yarmouth (Mr. Wright). Last week we had the Secretary of State for Business, Enterprise and Regulatory Reform, Lord Mandelson, before us. The hon. Member for Great Yarmouth had questions that he wanted to ask, but even with only 10 of the 11 members of my Committee present, it was not possible to include him within the timing. I plead guilty to some mismanagement of the time, but in a Committee of 11 it is a challenge to allow all Members to have a valuable role to play in the work of the Committee. A Committee of 14 is just too big.

To be honest, I would prefer to see Select Committees made up of nine members. They would have a proper collegiateness and a sense of shared responsibility. The problems of maintaining a quorum—which, if we are honest, we must acknowledge often concern Select Committee Chairmen—would be much less with smaller Select Committees whose members would feel that they owned the Committee much more effectively. I have seen no case for a Committee of 14. A Committee of that size was a real problem to me as Chairman, in ensuring the full engagement of members of the Committee. That matters a great deal.

There is also the problem, which has been mentioned, with the increasing number of Committees. The House is casually adding yet another Committee to its total number of Committees. That has implications for two different parts of the House's work. First, Members are all under huge pressure and are often required to be in three places at the same time, sometimes four: we have Select Committees, General Committees, Westminster Hall, the Chamber of the House, meetings with constituents, and who knows what else. There are not enough Members in the House to put on the increasing number of Select Committees.

We will have that debate at greater length when the subject of the regional Select Committees comes before the House, perhaps in a couple of weeks' time. I believe that the Government are fundamentally misguided in believing that those Committees can work effectively. We do not have the time, as Members, to do that work, unless we reduce the size of existing Committees. I believe that that is a real problem.

There is also a problem for the resources of the House. Every time a new Select Committee is established, it means more public expenditure: more Clerks and more people to ensure that the Committees can work effectively. Huge expense is involved in the motion before the House, but it could easily have been avoided had we decided simply to replace the Environmental Audit Committee with the Energy and Climate Change Committee.

I move now to the substance of my own amendment—the question of timing. I am grateful to the hon. Member for North Southwark and Bermondsey (Simon Hughes) for what he said from the Liberal Democrat Front Bench, and I agree that there is a need for a Select Committee to cover the Department of Energy and

Climate Change. When the Secretary of State for Business, Enterprise and Regulatory Reform came before my Committee last week, I urged its rapid establishment, on the assumption that it would replace the Environmental Audit Committee. I was genuinely very surprised and disappointed to discover that that was not the case.

We all have work programmes. I was very grateful to the Deputy Leader of the House for what he said from the Dispatch Box about my Committee's report "Energy prices, fuel poverty and Ofgem", but we had sittings planned to finish it off. Ofgem has published its initial probe and findings, and we had sittings planned with energy Ministers and Ofgem to wrap up the inquiry. It would be nice to be able to do that without fearing that we were treading on the toes of a new Committee.

I am sure that my right hon. Friend the Member for Fylde has similar issues with his Environment, Food and Rural Affairs Committee, and my hon. Friend the Member for South Suffolk will soon be able to speak for himself. However, given the Government's rather surprising decision—over which I feel slightly bounced—it would be helpful to have a couple of months to finalise our work programmes. That is all that we are asking for, and it will ensure that the new Committee, when it is up and running, can do so without treading too aggressively on the toes of the other Committees.

We also need time to sort out the staffing behind the scenes of the new Committee. We have a very talented Committee specialist, Rob Cope, who was responsible in large part for writing the report to which I have referred, and I imagine that he will want to go to the Energy and Climate Change Committee. Who else will be provided to support his work with the new Committee? What new Clerks will be discovered? What will be the consequences for the work of existing Committees? Which staff will we lose? It is all a bit rushed, but it need not have been if the Government had simply replaced the Environmental Audit Committee with the new Committee.

I believe that there is a very strong case for giving us just a couple of months so that we can manage the Committee's existing work programmes and staff in an orderly fashion. I strongly support the principle of what the Government are doing: I have no problem with that, save for my belief that it would be better to replace the existing Committee rather than create an additional one. The principle behind having a new, separate Department is good, and this House must be able to subject it to effective scrutiny. I believe that that would be best served by having a smaller Committee of 11 members that can meet the legitimate needs of the nationalist parties. I think that that arrangement would allow more effective scrutiny by this House of the Committee's work.

10.46 pm

Dr. Tony Wright (Cannock Chase) (Lab): I have no doubt that the new Department will be distinguished, or that the Minister leading it will do so in a distinguished way. The House's Select Committee system has to respond when a new Department is established, and the tradition is that a Department is matched by an appropriate departmental Select Committee, so the logic is clear.

In some ways, the challenge is for the Select Committee system, which is perhaps the most conservative part of this institution. I speak as one who chairs a Select Committee, and it is natural for us to want to defend our territory. We are not always very imaginative in thinking about how the system might work differently.

In a sense, the Government can be commended for thinking more thematically and sensibly about producing a departmental change to reflect a changing aspect of Government, but the consequence is that the House must think about how it can match that in an intelligent way. It may not be the most intelligent response simply to set up yet another Select Committee, because, as we have heard, many Committees already operate in those areas. We need a more sensible response to match the new Department, beyond inventing a new Committee simply because there is a new Department—but, as I say, that is a challenge more for the House than for the Government.

I want to say two other things briefly, although they may be less helpful in terms of what is being proposed. The first takes up a point made by the hon. Member for North Southwark and Bermondsey (Simon Hughes), and it reflects an argument—or at least a conversation—that my Committee has been having with the Government for quite some time about how machinery of Government changes should be handled. Indeed, we had my right hon. Friend the Secretary of State, in his previous incarnation, before us on this matter not so very long ago.

It seemed very odd to my Committee that when dealing with other public bodies or bits of Government apart from ourselves, we insist on all sorts of consultative processes before substantial reorganisations take place. There is a good reason for that: we want to know the logic behind, and the case for, the reorganisation, and we want to evaluate the costs and benefits. There are always costs, although there may well be benefits, too. We want to do that in a calm, measured way, so that the sort of considerations that are being raised now, at the 11th hour, can be raised over a decent period. Of course, we learn things through that process; we learn whether we have got the reorganisation right.

Until we took an interest in such matters, the Government did not even issue a piece of paper describing such major changes. Now we do get a piece of paper, but nothing more than that. Parliament ought to be involved. Of course the Government will decide on such changes, but Parliament should at least be consulted on major changes to the machinery of government, just as we would expect to be consulted if other bits of the public sector were to be reorganised.

When my right hon. Friend the Secretary of State for Energy and Climate Change and I had an exchange on the subject, he told me that that would be highly unconstitutional, but I do not think that he really believed that, although he had been advised to say it. I have learned over the years that when things are said to be constitutionally impossible, they may on the very next day turn out to be constitutionally necessary. Parliament has to return to the issue. It would be in the interests of the Government and Parliament to ensure that the process of making large-scale changes to how the Government operate is slightly more reflective.

When we set up new Committees, as we are doing today, we have to be mindful of what it means for Parliament and the Select Committee system. When my hon. Friend the Deputy Leader of the House opened the debate, he rightly talked about the gains that have resulted from the Select Committee system in its modern

[Dr. Tony Wright]

form, and the general support for it. All that is true, but it depends for its vitality on the relationship between the House of Commons and the Executive. We have to be able to operate a vital Select Committee system that scrutinises what the Executive do. If the balance between the Executive and the Commons changes materially, the ability to provide that scrutiny effectively is diminished. What I am really saying is that it is easy to set up a new Select Committee system, but less easy to make sure that it becomes part of an effective system of scrutiny, because that requires the institution itself to be effective. I put the case in that way because I have a certain worry.

The Executive grows; there are now many more Parliamentary Private Secretaries. There is the issue of whether such people can sit on Select Committees. The idea would have been abhorrent at one time, because it confuses the scrutiny role with the executive role, but the problem reflects the fact that we will have some difficulty making the system work unless we compromise in such areas. There is also the new invention of unpaid Ministers—my hon. Friend the Deputy Leader of the House is one of them—and the new invention of assistant Ministers. In many respects, there is now an expanding unofficial Executive. The effect is necessarily to deplete the resources available for the scrutiny work of the House of Commons. We have to be clear about whether that is what we want when we set up a new Committee.

I am told that new regional Select Committees are to be introduced. With my understanding of how the Select Committee system works, I simply do not know how all that will be possible. The Department of Energy and Climate Change seems to be splendidly conceived and led, but it needs to be matched by scrutiny by the House of Commons. I hope that that will come about not simply through invention, but through imaginative re-ordering; that is the challenge for the Commons. I simply flag up the fact that if we are not careful, the balance between Parliament and the Executive will change in a way that diminishes the ability of the House of Commons to perform the role that my hon. Friend the Deputy Leader of the House described when he opened the debate.

10.54 pm

Mr. Tim Yeo (South Suffolk) (Con): I rise to speak to amendment (a) in my name, but as there seems to be a larger than usual number of hon. Members in the House at 10.54 pm, I wish to make it clear to any who are not here for the purpose of speaking that I have no intention of pressing my amendment to a vote. I am happy to give that guidance. Members who venture outside will apparently encounter snow, which is proof that we are talking not about global warming, but about climate change.

I warmly welcome the establishment of the new Department and I congratulate the Secretary of State on his appointment. Like my hon. Friend the Member for Mid-Worcestershire (Peter Luff), I am grateful to him for remaining to listen to the debate. The shadow Secretary of State is also in his place.

I understand the logic of responding to the creation of a new Department by the establishment of a new Select Committee. That preserves the symmetry with which the House scrutinises departmental work, but the pragmatic response might have been, and there were suggestions that this could have been done, with only 19 months to go before a general election, to ask the Environmental Audit Committee to take on the role of scrutinising the new Department.

However, the Government have decided differently and I wish the new Select Committee well. Once it is up and running, I and my colleagues on the Environmental Audit Committee will, I am sure, co-operate happily with the Chairman and its members when they have been chosen. We have plenty of experience of working with other Committees in our present function, and I pay particular tribute to my hon. Friend the Member for Mid-Worcestershire and my right hon. Friend the Member for Fylde (Mr. Jack), with whom I have worked particularly closely in the past three years.

I shall make three brief points. The first is to emphasise what the Minister said in his remarks and the intervention from my colleague, the hon. Member for Stoke-on-Trent, North (Joan Walley). I was going to call her my hon. Friend, as we seem to work so closely together. Climate change issues are, by their nature, cross-cutting issues. Tackling climate change involves tax policy, transport policy, business policy, energy policy—a range of policies. For that reason, the Environmental Audit Committee, with its cross-departmental role, is especially well placed and equipped to consider climate change issues. I am grateful for the tribute that the Deputy Leader of the House paid to the work that my Committee has done over the years. I am well served by members from all sides on the Committee who have considerable expertise.

On certain aspects of climate change, it is clearly true that we are better able to exercise a scrutiny function than a Committee that is confined to a single Department. It was a Labour Government commitment that led to the establishment of the EAC in 1997. Its cross-departmental role is enshrined in Standing Order 152A. The logical interpretation of that role at the start of this Parliament, before I became the Chairman, was to focus on climate change and related issues as the main theme for the current Parliament, and that has been reflected in the expertise of the members, the Clerk and the staff of the Committee.

My second point is that we already have, as a Committee, like any Select Committee, a forward programme of work in hand and already announced, for which the National Audit Office, to which I also pay tribute, has done preparatory work. There is often quite a long lead time—six or nine months or even a year—when the NAO will undertake research at our request, do that study, deliver it to us and publish it before we commence our inquiry. We do not want to be suddenly blown off course in our work because a new Committee has been established.

We already have an inquiry under way into shipping, which will be followed by one on forestry. We will conduct our annual examination of the pre-Budget report and we are committed to an inquiry next year into emissions trading at a time when, I hope, the United States will have a system coming on to the statute book. We want to revisit the work that we did last year on the EU emissions trading scheme. Those are all inquiries that we intend to press on with and they will involve taking evidence from Treasury Ministers, Transport Ministers and Ministers in the Department

for International Development and the Department for Environment, Food and Rural Affairs, as well as the Secretary of State for the new Department, I hope.

My third point is a practical concern and reflects the amendment moved by my hon. Friend the Member for Mid-Worcestershire, who is right. Haste in setting up the new Committee will not serve its purposes well and will not help the establishment of a co-operative relationship with other Committees. It would be prudent to wait until the start of a new calendar year.

My own amendment addresses my concern about the size of Select Committees, a point already well covered by my hon. Friend the Member for Mid-Worcestershire. I shall not repeat his arguments, but I should say that it is easier to chair a Committee of 11 rather than 16, which is the number of members that my Committee has; it is also easier for members of smaller Committees to make satisfying contributions. I think that the Committee of Selection will struggle at this stage of the Parliament to find 14 keen Members eager to take on the work of a new Select Committee; it will struggle even to find 11 of them. I have no doubt that the Committee of Selection will put forward 11 names, but how regularly some of those Members will attend remains to be seen.

Some months ago, I approached the Leader of the House with a request to reduce the size of the Environmental Audit Committee from 16 to 11. My approach was rebuffed, but I shall be happy to revisit the issue if I am given any encouragement to do so. There are 11 very active members of my Committee and several passengers who would be relieved if they were no longer required to carry out the duties of a Select Committee member.

Let me conclude by simply saying that the Environmental Audit Committee has played a valuable role since its establishment 11 years ago. I believe that it can continue to do so, even with another Committee alongside it that scrutinises the work of the Department of Energy and Climate Change. The members of my Committee feel strongly that they would like to continue doing our work. I am confident that if we are given the opportunity, we will work constructively and positively in co-operation with the members of the new Committee, although it would be easier to do so if the Government accepted the two amendments tabled by my hon. Friend the Member for Mid-Worcestershire and me.

11.1 pm

Mark Durkan (Foyle) (SDLP): The hon. Member for South Suffolk (Mr. Yeo) said that he would not press amendment (a) to a Division, and I have taken some consolation from that. However, given that a number of arguments have been made, it is important that I should deal with a few points.

I do not speak with experience of being a member of a Select Committee and there are many Members in the same position who would be interested in serving on a number of Select Committees. When a new Department is created, it is right that the House should move reasonably quickly to set up a Select Committee to scrutinise its work—and, at that formative stage, to assist it in its thinking about policy development and its relations within Government and with Parliament at large. A Select Committee formed early has a better chance of having a formative impact on the Department than one formed some time into next year, say, simply for the convenience of existing Select Committees.

An argument has been made about the possible overlap between the Environmental Audit Committee and the new Committee, but as the hon. Member for South Suffolk said, the Environmental Audit Committee's work ranges across many Committees, as any audit committee does. Its work ranges across a wide range of Departments and will often intersect with the interests of other Committees. That is why we need a good, sensible parliamentary highway code to make sure that those intersections do not result in serious clashes, accidents or undue stand-offs as to who goes where.

Perhaps we can deal with some of the arguments raised by hon. Members against the motion in the name of the Leader of the House by revisiting the number of members of the Environmental Audit Committee, especially given the existence of the new Committee. There is a case for reducing the size of the Environmental Audit Committee and a number of its members might want to switch to the new Committee, given their experience.

An argument has been made that we should wait until the new year because of the work of existing Committees. Perhaps those Committees should be allowed to continue some of their work and then hand it over in a better, more complete and more definitive state to the new Committee, which might be in a better position to receive it, having been on its own learning curve vis-à-vis the new Department and the new Ministers.

This does not need to be a debate about the Department in principle; all parties have expressed a positive view. The Committee should be formed sooner rather than later given the importance of the issues that the new Department is dealing with—the complex and moving issue of fuel poverty at a time of economic challenge, and the serious matter of initiating energy strategy on energy generation for the future, particularly in the context of environmental requirements on climate change and the various international obligations, including the new targets and treaties being negotiated at the end of next year. However, arrangements can surely be made to continue with the good work of other Committees without creating serious difficulties or disruption.

Several Members, including the hon. Member for Mid-Worcestershire (Peter Luff) and the hon. Member for Cannock Chase (Dr. Wright), observed that it is hard for Committees that have been doing good work on a particular issue and have developed it to a particular stage suddenly to lose it because of a change in Government. The same thing happens to Ministers and to Departments—that is the way of Government, and Parliament needs to respond. Whatever issues we might have about how the machinery of government is changed, Parliament needs to be flexible and adept in responding in a practical and straightforward way. If each time a new Department is created there is confusion about whether we have a Select Committee and we then end up with different breeds of Department, some of which have Committees and some of which do not—

Peter Luff: It is a bit different for Parliament than for Departments. When a new Department is set up, the civil servants simply transfer to it. For Parliament, rather different issues are involved in terms of the staffing of Committees. It is much more complex for us, with our smaller and more limited resources, to respond in that flexible way, and much easier for Departments.

Mark Durkan: I take the hon. Gentleman's point. However, that is one of the reasons I suggested that if we go ahead and set up this Committee, the existing Committees—not only their members but their expert personnel—can continue to do their good work. That might allow time for parliamentary channels to review what the new Committee needs in the way of support personnel as it begins its work. Setting up the new Committee need not necessarily bring to an abrupt end the existing work of other Committees. That can continue into the new year and sensible handovers can then take place. Surely we can be practical and realistic about that.

This Department has been formed in a new context and is working on several significant challenges right across the policy range—social policy on fuel poverty and economic and enterprise policy in relation to the significance of energy policy to business and to the broader economy. There are also international and diplomatic dimensions to the quest for international standards in respect of environmental regulation and climate change. The new Department has a big task, and it may do no harm to make the Committee a bit bigger rather than a bit smaller. That would allow for a broader spread across the parties and, as suggested by the hon. Member for North Southwark and Bermondsey (Simon Hughes), for a broader geographic spread. Whether parties are big or small, the issues under discussion present different challenges in different regions. We have to take account not only of the interests of all the various Whitehall Departments but the many and varied Departments at a devolved level, as well as local government interests throughout the UK.

At this stage of the Parliament, it would perhaps be more appropriate to form a Committee of 14 rather than 11. If people say that that would involve an over-commitment of Members to Committees, then there might be a case for looking at the size of the Committee but not its role. It has been set up with a very distinct purpose that should range across environmental practices and targets in relation to all Government responsibilities and Departments. That needs to be respected and protected in the context of this debate and beyond it.

11.9 pm

Angus Robertson (Moray) (SNP): I am delighted to follow the leader of the Social Democratic and Labour party, who made a very convincing case about the impact of amendment (a), which would reduce the size of this important Committee from 14 to 11. I am pleased that it is unlikely to be pressed to a vote, but for the record it would be helpful to make a number of points that have not been made so far.

At the outset, I have to say that I have no doubt that in tabling their amendments the hon. Members for Mid-Worcestershire (Peter Luff) and for South Suffolk (Mr. Yeo) did not intend to exclude parties from Northern Ireland, Scotland and Wales but, as I will outline, that would be the direct consequence of automatically reducing the number from 14 to 11, and I shall explain why in a moment.

The Deputy Leader of the House was right to remind us all of the "integral and vital part"—to use his words—that these Committees play. They oversee expenditure, the work of Departments and, in the case of energy and climate change, matters of supreme importance. The leader of the SDLP raised the point for the first time in this debate that many of the matters considered are devolved. There is shared sovereignty between Administrations in Edinburgh, Cardiff and Belfast, and the Ministers who hold portfolio responsibilities for this issue are not from UK-wide parties. In the case of the Welsh Assembly Government, colleagues from Plaid Cymru have responsibility for it; in the Scottish Government, colleagues from the SNP have that responsibility; and in Northern Ireland, a number of colleagues have it, not least the hon Member for East Antrim (Sammy Wilson) who has the environmental responsibility in the Northern Ireland Assembly Government. If a Committee is going to look regularly at areas of policy where there is shared sovereignty, would it not make sense to ensure that there was permanent representation on the Committee that could feed that experience into the deliberations?

I turn now to the issue of guaranteed places. The hon. Member for Mid-Worcestershire rightly praised the contribution of my hon. Friend the Member for Angus (Mr. Weir) to the Committee on which he sits, but the hon. Gentleman will be aware that that place is not guaranteed. The minority parties do not have guaranteed places on departmental Select Committees because they have a membership of 11; the formula that is used sometimes may—just may—afford minority party Members or independents a place on those Committees. It is worth reminding the House that there is not a single Member of parties from Scotland, Wales or Northern Ireland on the Committees for Children, Schools and Families, Communities and Local Government, Defence, Environment, Food and Rural Affairs, Foreign Affairs, Home Affairs, International Development, Justice, Treasury or Work and Pensions. I wish to see that changed, but that is not a matter for discussion this evening.

We have a proposal before us, which I hope will not be pressed and which I hope the Government will not accept, that the Committee should have only 11 members. The result would then be down to the good will of the usual channels. No doubt colleagues who are part of the usual channels would work hard to include the views of Members of all parties, but I am sure that they would concede in private, if not in public, that as the arrangements currently stand, there is no guarantee of minority party representation on Committees with a membership of 11. For that reason, I am pleased that we have colleagues from Northern Ireland, Scotland and Wales in high attendance, because we wish colleagues from the UK-wide parties to be aware how strongly we feel about the matter. The House authorities will not find it difficult to find volunteers from our parties to serve on the Committee. Hopefully, the UK-wide parties can do likewise when it sits as a Committee of 14, should the Government's sensible proposal proceed.

11.14 pm

Mr. David Chaytor (Bury, North) (Lab): The representatives of the smaller parties have made several valid points and I support the comments that the Chairmen of the two Select Committees made. I especially want to reiterate the argument presented by the Chairman of the Environmental Audit Committee, of which I am a member.

In his opening remarks, the Deputy Leader of the House recognised the Environmental Audit Committee's contribution to the scrutiny of climate change in recent years. Indeed, in the current Parliament, we have made it the main focus of our activities. It is generally agreed that the overwhelming majority of Select Committee reports about climate change that the House has produced in recent years came from the Environmental Audit Committee. The Committee has not only a track record but a forward programme of inquiries on the theme of climate change. I therefore believe that there is a strong case for deferring the new arrangements and granting some time to assess how the proposal will work.

The debate has another dimension, which has not yet been mentioned. We have at best an anomaly and at worst a conflict of interest between the role of the Environmental Audit Committee and that of the new Energy and Climate Change Committee. We have so far examined the problem from the perspective of the Environmental Audit Committee's cross-departmental scrutiny role, but I want to examine the problem from a different perspective.

The new Department will have a new, cross-departmental role, which the Department that has been subsumed did not perform. That is precisely because of the Climate Change Bill, which we passed this evening. The work of the Department of Energy and Climate Change will be cross-departmental in a way that we have not previously experienced. Its impact and reach will affect the Treasury, the Department for Transport, the Department for Communities and Local Government and the Department for Environment, Food and Rural Affairs. I therefore believe that there will be an extra complication because the new departmental Select Committee will, if it tracks and scrutinises the work of its Department, take on a cross-departmental role, which will bring it into conflict with the work of the Environmental Audit Committee.

Joan Walley: The Government must pay attention to the need for the new Department to be cross-cutting, if it is truly to take on board all the issues to do with climate change. That should be reflected in not only the make-up of the Department but the scrutiny that Parliament gives it.

Mr. Chaytor: I am grateful for those comments. The conclusion that I draw from the anomaly is that, while the fact that existing Select Committees have a forward programme of work in place supports the case for making no change until 1 January, we also need to review the terms of reference of all the affected Select Committees. The Deputy Leader of the House said that he wanted to review the arrangements. I hope that he will accept that, before any change is made, we need a thorough review of the terms of reference of each of the Committees that will be affected.

11.18 pm

Mr. Michael Jack (Fylde) (Con): The hon. Member for Bury, North (Mr. Chaytor) made excellent and perceptive comments, and touched on some of the central issues of the debate. I am delighted that the Secretary of State for the new Department of Energy and Climate Change is back in his place because the Environment, Food and Rural Affairs Committee recommended on several occasions that a Cabinet Minister should have more focus on a portfolio that dealt with climate change. It is so important and, by definition, cuts across Government. Intriguingly, in providing that additional focus, the Government have married with it the other side of the equation—namely, that part of Government activity that deals with the emission of carbon dioxide. My hon. Friend the Member for South Suffolk (Mr. Yeo) made a point about his Committee being transmuted into the new Committee. Marrying energy and climate change under one departmental roof means that he could bring with him the critical faculty of a Committee that dealt with emissions and also take on a critical appraisal of issues connected with generating energy. I thought that that was a good way of counterbalancing the sometimes irreconcilable sides of the Secretary of State's new Department, which concern generating energy on the one hand and seeking to reduce CO_2 on the other.

Part A of the motion before the House invites us to amend the resolution of the House of 13 July 2005 dealing with the Liaison Committee. The hon. Member for Cannock Chase (Dr. Wright), in his as always helpful interventions on the process of government, raised the fact that the Leader and Deputy Leader of the House had effectively ridden roughshod over a mechanism of the House designed to deal with the types of issue that we have been discussing.

We are talking, first, about what the right composition of a Select Committee to shadow the new Department should be. I support that, but my hon. Friends have asked questions about the new Committee's composition by number, its starting date, existing workflows, the cross-cutting nature of its work and the avoidance of conflict when dealing with environmental issues. Would it not have been a good idea if, once the new Department had been formed, the Leader of the House had sought the view of the Liaison Committee, so that it could carry out, as it were, a review of how environmental scrutiny was conducted, so as to resolve any conflict and to present a solution that would have given best effect to the House's wishes to scrutinise the new Department? However, that option has been ignored and the only option is the one before the House this evening.

As a result, a lot of good work, including the inquiry that my Committee, the Select Committee on Environment, Food and Rural Affairs, was going to undertake into fuel poverty, will have to be postponed. Our Committee discussed the matter and wrote to the Leader of the House. I am sorry that the Deputy Leader of the House, who appears to be unaware of the debate going on around him, was also unaware of the letter that our Committee wrote in support of the view that the Environmental Audit Committee should take on the responsibility of monitoring the new Department, using its existing expertise, without necessarily creating a brand new Select Committee at this stage in the Parliament, for all the reasons that other right hon. and hon. Members have mentioned.

It would be nice if the Deputy Leader of the House, in the conciliatory mode in which he introduced the debate, were to stand at the Dispatch Box and say that he had listened to what had been said and that the Government would not press the matter this evening, but would take it to the Liaison Committee for a proper discussion, so that all the issues could be resolved. We

[Mr. Michael Jack]

could thereby move forward in a spirit of harmony and excellence of scrutiny, and on the basis of proper discussion, not the imposition of the solution before the House this evening.

11.22 pm

Mr. John Gummer (Suffolk, Coastal) (Con): The Deputy Leader of the House was mistaken in suggesting that I was leading him into a trap by trying to discuss the issue. I was in fact making a perfectly helpful comment, which I hope he listened to carefully.

We are tonight changing our ability to handle the difficult, long-term and extremely pressing issues of climate change. Far from denigrating the new Department and its Secretary of State, I am an enthusiastic supporter of the structure. However, as the hon. Member for Bury, North (Mr. Chaytor) said, the new Department will, by its very nature, have to have its fingers in all sorts of different pies. Indeed, the new Select Committee on climate change will, by its various decisions, recommendations and advice, help the Secretary of State to do just that. He will therefore be rather different from other Secretaries of State.

I was merely suggesting that a number of unfinished discussions still need to take place before setting up such a Select Committee to deal with the situation, some of which have admirably been mentioned by my right hon. Friend the Member for Fylde (Mr. Jack), but there are others, too. For example, many of us would have liked the opportunity to discuss issues such as the fact that adaptation to climate change is dealt with by a Department other than this new Department, and that any Select Committee dealing with the new Department might want to talk about those issues.

There are many concerns about how all this has been put together. I do not mind that too much, as long as it works. I am suggesting that this is the one opportunity that the House will have to signal to the Government how much we support the new Ministry, but how difficult we perceive its new role to be and how widespread will be the responsibility of the Secretary of State. If we are not careful, we shall have a situation in which the *Daily Mail* runs a story every day about how the Secretary of State has disagreed with some other Secretary of State, because that is the almost inevitable result of the role that he will have to play. I personally do not want him to be in that position, because I want him to win these very important battles.

Will the Deputy Leader of the House take seriously my suggestion that this is rather more complicated than just setting up a Select Committee in this way? It would serve the needs of the House a great deal better if he felt able to say, "We will not press this matter tonight. We will talk to the Liaison Committee, and we will talk more widely than that, too." I wonder whether we need to rethink how the Committee structure might be made to suit and to sort this rather special Department. That is partly as a result of the Government's innovative decision—supported by a huge majority in the House—to set up a Climate Change Committee, whose effect on the House will be different from that of any other Committee that we have set up before.

The Government have an opportunity to be very imaginative on this matter. It is not that we do not want proper scrutiny of the new Department, but that we want that scrutiny to be carried out in a way that ensures we can help the Secretary of State to do a very tricky job. Perhaps it might therefore be better to think about this for a little longer, and to talk a little more widely before coming to a conclusion. Most of us believe that setting up the Committee before January would be difficult, given that a number of other Committees have not yet completed their work. May I request that the Minister take account of the fact that this is a special occasion, and suggest that he might not wish to rush into it in the way that he appears to have done so far?

11.27 pm

Hywel Williams (Caernarfon) (PC): I, too, am disappointed and a little surprised at the amendment proposing that the number of Members on the Committee should be reduced from 14 to 11. Given the universal welcome for the setting up of the new Department, and the near unanimity that we have heard tonight, the proposal strikes the wrong note. Its effect would assuredly be to squeeze out representation of the so-called minor parties on these Benches. I say "minor", but—as has already been said in Cardiff, Belfast and Edinburgh—we are parties of Governments.

Devolution is, in my opinion, an imperfect solution to the problems that face us, but we are where we are, and there is a relationship between Cardiff, Edinburgh, London and Belfast. In respect of Wales, my colleagues Ieuan Wyn Jones and Elin Jones are, respectively, the Ministers for industry and for environmental and rural affairs. They have a vital interest in seeing members of their own parties and colleagues from other parties taking part in the scrutiny of the work of the new Department. That goes without saying. If there is any difficulty in filling the seats on the new Committee, in achieving a quorum or in persuading members of the larger parties to take an interest, I can assure the House that there are plenty of people on these Benches who would be happy to take up any empty seats. That is a non-problem.

The hon. Member for Mid-Worcestershire (Peter Luff) raised a substantial question. If I understood his intent rightly, he was referring not only to the Energy and Climate Change Committee but to the Select Committee system in general, as he believes that such Committees are too large. Having a debate at this time of night without discussion through the usual channels and within parties is not, I believe, the right way to do it. I am happy that the hon. Gentleman brought the issue up, but I am sure that there are many other ways of dealing with it in a rather more considered manner.

Peter Luff: I wish I could agree with the hon. Gentleman. I am sure that, with good will, it would be possible to agree a system of smaller Select Committees that gave proper representation to minorities. That is a very desirable objective, but I have to say that I have detected no great willingness to secure it. I believe that we should work towards it, because smaller Select Committees work and they scrutinise more effectively. Let me ask the hon. Gentleman what is better—a bigger Committee that does not work or a smaller Committee that does?

Hywel Williams: All I can say is that if Members on these Benches were engaged in the work of this Committee, we would be wholeheartedly engaged in it. As far as we are concerned, we would make it work, although the hon. Gentleman can speak for his own party.

Simon Hughes: For our part, I am keen that we do not lose sight of this issue. The Modernisation Committee, on which the Deputy Leader of the House sits, could look into reducing the size of Committees generally, while ensuring that they are properly representative so that people are not overly stretched in a way that does a disservice to the subject.

Hywel Williams: Perhaps we should leave it there and have a proper debate on the issue at some later stage.

I finish with one further point. Reference has been made to the Liaison Committee looking further into the issue. Let me make the general point again that the minority parties would not be represented—in my opinion, quite wrongly—on this departmental Committee.

11.31 pm

Chris Bryant: With the leave of the House, I will respond. Three key points were exemplified in this evening's debate. The first was whether there should be a stand-alone Select Committee to scrutinise the new Department or whether it should be an additional responsibility of the Environmental Audit Committee; the second was whether the new Committee should start immediately or in January; and the third was how many members it should comprise—14 or 11.

On the first point, I firmly believe that there should be a stand-alone Committee. If the Government had not come forward fairly swiftly with the recommendation to set up such a Committee, people would quickly have started calling for us to do so. I admit that hon. Members have made valid points in the debate, but I believe that, on balance, this is the right way for us to proceed. The Environmental Audit Committee is very similar to the Public Accounts Committee, in that it has a Minister sitting on it, it was deliberately set up in the same way and it has a cross-cutting responsibility. The Treasury Committee could very well say, "But you cover many of the areas that we cover, and we would like to have a cross-cutting responsibility and do away with the PAC." That, however, would be inappropriate. We know how those two Committees work together and I think that it will be possible for the departmental Committee and the Environmental Audit Committee to work together effectively.

The hon. Member for South Suffolk (Mr. Yeo) raised an important point about the necessity of maintaining the cross-cutting responsibility. He mentioned reports that his Committee is already planning on shipping and forestry, which obviously do not fall directly to the Department. I believe that there will be a continuing role for the Environmental Audit Committee. I know that the hon. Gentleman and the Leader of the House have corresponded on the size of the Committee—an issue that we should perhaps look at again.

My hon. Friend the Member for Bury, North (Mr. Chaytor) said that there would be a conflict of interest between these two Committees, but I do not believe that. Committees should be able to work co-operatively and I very much hope that the Chairs of the two Committees would want to do so.

I note that the right hon. Members for Fylde (Mr. Jack) and for Suffolk, Coastal (Mr. Gummer) requested that I decline to move forward with the proposals this evening and refer them instead to the Liaison Committee. It has been an established principle in the House that whenever the machinery of government changes and a new Department is created, we should have a new departmental Select Committee, and I believe that we should abide by that.

On whether the Committee should start immediately or in January, my hon. Friend the Member for Foyle (Mark Durkan) emphasised the need for swiftness, and I am sure that my right hon. Friend the Secretary of State would want to be scrutinised by the new Committee as swiftly as possible—hence his presence throughout this evening's debate.

The hon. Member for Mid-Worcestershire (Peter Luff) made an important point about the work that his Committee is already doing, particularly in regard to fuel poverty. Incidentally, I am sorry if he felt that he had not been properly consulted. I had no idea that there had been any conversation about the issue. If at any future stage he, or for that matter any other Select Committee Chairman, wishes to discuss these matters, they are welcome to come and find me during a Division or at some other time. My hon. Friend the Member for Bury, North made another important point—about the forward programme for the Environmental Audit Committee.

I think that there has been a pretty overwhelming suggestion this evening that we should launch the new Committee in January, and I am more than happy to accept the amendment to that effect.

That leaves us with the final question of whether the Committee should have 14 or 11 members. My instinctive feeling has always been that all voices in the House should be heard in Select Committees, mainly because I believe that Select Committees do their work in a different way from the rest of the House: a somewhat less partisan way, which nearly always makes for unanimity in reports and which can mean that the House is far more effective both in its scrutiny of Government and in the face that it presents to the community outside. That is why, on the whole, I should prefer a larger Committee, and for it to be possible for smaller parties to be represented on smaller Committees.

The hon. Member for Moray (Angus Robertson) made one unfortunate slip. He kept saying that parties from Scotland and Wales were not represented. I am a Welsh Member of Parliament, and I was a member of a Select Committee. I just did not happen to represent a Welsh nationalist party.

I took account of what the hon. Member for Mid-Worcestershire said about Committees of 11. It is possible for Committees of 11 to include two members from the minority parties. Sometimes that is by virtue of the generosity of the governing party, but sometimes it is by virtue of the generosity of the Opposition. However, we should be considering as a whole how we can ensure better representation.

I did not think that I would say this very often, but the hon. Member for Moray made one very good point in commending the Government's sensible proposal. I do not think I have ever heard those words from his mouth before.

Mr. Nigel Dodds (Belfast, North) (DUP): My colleagues and I welcome what the Deputy Leader of the House said about the importance of minority party representation on Committees, whether large or small. Can we be assured that he will follow that up, and that we will not be left with fine words but will see action? How does he propose to proceed?

Chris Bryant: I have been listening to the debate tonight, so pressing me to produce an action plan now is going a little far, but this is something that I think we need to address. The hon. Gentleman will be able to judge me by not just my words but my actions at a later stage.

The hon. Member for Caernarfon (Hywel Williams) spoke of the need for minority parties to be represented on the Committee. I am minded to resist amendment (a) if it is pressed to a Division, but I very much hope that we shall be able to set up the Committee forthwith.

Amendment (b) agreed to.

Resolved,

That the following amendments be made in respect of Standing Orders, with effect from 1st January 2009:

A SELECT COMMITTEES RELATED TO GOVERNMENT DEPARTMENTS

That Standing Order No. 152 (Select committees related to government departments) be amended in the Table in paragraph (2) by inserting, in the appropriate place, the following item:

Energy and Climate Change	Department of Energy and Climate Change	14

B LIAISON COMMITTEE

That the Resolution of the House of 13th July 2005 relating to Liaison Committee (Membership) be further amended in paragraph (2) by inserting, in the appropriate place, 'Energy and Climate Change'.

C EUROPEAN COMMITTEES

That Standing Order No. 119 be amended by inserting in the Table in paragraph (6), in respect of European Committee A, in the appropriate place, 'Energy and Climate Change'.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

POLICE

That the draft Police Appeals Tribunals Rules 2008, which were laid before this House on 22nd July, be approved

That the draft Police (Performance) Regulations 2008, which were laid before this House on 22nd July, be approved.

That the draft Police (Conduct) Regulations 2008, which were laid before this House on 7th October, be approved.—*[Claire Ward.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

BANKS AND BANKING

That the Landsbanki Freezing Order 2008 (S.I., 2008, No 2668), dated 8th October 2008, a copy of which was laid before this House on 8th October, be approved.

That the Landsbanki Freezing (Amendment) Order 2008 (S.I., 2008, No 2766), dated 20th October 2008, a copy of which was laid before this House on 20th October, be approved.—*[Claire Ward.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

LANDFILL TAX

That the Landfill Tax (Material from Contaminated Land) (Phasing out of Exemption) Order 2008 (S.I., 2008, No 2669), dated 8th October 2008, a copy of which was laid before this House on 8th October, be approved.—*[Claire Ward.]*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Committees),

RELATIONS BETWEEN THE EU AND THE OVERSEAS COUNTRIES AND TERRITORIES

That this House takes note of European Union Document No. 11238 and Addendum 1, the European Commission Communication: Green Paper: Future Relations between the EU and the Overseas Countries and Territories; recalls that such Communications are consultation documents and are not legally binding; welcomes the Commission's Communication as the start of the process of the renegotiation of the Overseas Association Decision; and supports the Government's response.—*[Claire Ward.]*

Question agreed to.

Schools Adjudicator

Motion made, and Question proposed, That this House do now adjourn.—*[Claire Ward.]*

11.39 pm

Mr. David Gauke (South-West Hertfordshire) (Con): I am grateful for the opportunity to raise the issue of the schools adjudicator and partially selective schools. Let me begin by giving a little of the background. Approximately 40 secondary state schools in the country admit a proportion of pupils—between 10 and 35 per cent.—on the basis of examination results. There are two in my constituency—St. Clement Danes and Rickmansworth schools—and there are other such schools nearby that also serve pupils from my constituency, in particular Parmiter's, Watford Grammar School for Boys and Watford Grammar School for Girls, all three of which are in the constituency of the hon. Member for Watford (Claire Ward). There are also two other partially selective schools in the south Hertfordshire area: Queens' in Bushey and Dame Alice Owen's in Potters Bar. All are excellent schools that achieve ratings of "outstanding" from Ofsted and some of the best examination results of any state schools in the country, and all are heavily over-subscribed.

That brings me to the second element of the debate: the schools adjudicator and its relationship with the school admissions code. The Education and Inspections Act 2006 had some excellent motives and was about giving schools greater freedom and independence, but there was strong opposition from Labour Back Benchers, and in particular from the Labour left. They insisted on a number of concessions, including the creation of a statutory admissions code.

The original draft code stated that partially selective schools would not be able to give priority in their admissions policy to the siblings of existing pupils. The code argued that such a priority disadvantaged local pupils and that the practice must come to an immediate end. Schools would either have to drop sibling priority or cease to be partially selective.

The proposal was greeted with outrage by many of the affected families. The prospect of families having to cope with different children at different schools many miles apart, the unfairness of the goalposts being moved—particularly for those families already with children at a partially selective school—and the perceived attack on popular and excellent schools provoked a strong display of opposition.

I and a number of fellow Conservative Members met the Minister for Schools and Learners to express our concerns. However, this is a cross-party issue. Parliamentary convention prevents the hon. Member for Watford from taking part in this debate, but she expressed her strong opposition to these proposals and had several meetings with Ministers and with parents from her constituency. Given the marginal nature of the Watford constituency, her meeting with Ministers may have been more persuasive than the meeting the Minister for Schools and Learners had with my colleagues and me. As a consequence of that and of other pressures brought to bear, the Government made two concessions by changing the original draft.

First, the Government brought in transitional rules with the intention of protecting those families already in the system so that the goalposts were not moved for them. Secondly, they did not impose a ban on sibling priority for partially selective schools within the schools admissions code; instead, they empowered the schools adjudicator to prohibit sibling priority unless the school could demonstrate that its admission arrangements as a whole did not exclude families living nearer the school.

That issue has once again come to light because of an adjudication by the Office of the Schools Adjudicator of 24 September ruling that it was no longer permissible for the Watford grammar schools to include in their admissions criteria "cross-sibling priority". This is a unique circumstance that does not apply to the other partially selective schools. Both Watford grammar schools are single sex schools and until now it has been the policy of both to give priority to the siblings of pupils attending the other school. For example, if a boy in year 9 has a younger sister in year 6, the girl's school would give priority to the girl in year 6. There is much that I could criticise about that adjudication: the lack of opportunity for parents adversely affected to make their case to the schools adjudicator; the inconsistency with other school adjudications; the removal of effective checking of locality claims by the school, which is a separate but important issue; and the lack of importance given to the historic links between the two Watford grammar schools.

I do not support the dropping of the cross-sibling priority and I understand that that is not the position of the hon. Member for Watford either. However, it is particularly important that the schools adjudication of 24 September will essentially come into effect in the coming school year, beginning in September 2009. That means that in the example that I gave—a boy in year 9 at the boys' grammar school and a girl in year 6—the parents would have believed that the girl would get priority at the girls' school, but that is no longer the case. That is notwithstanding the transitional rules that were included in the Government's concession on the original code.

On that point, the adjudicator was correct at least according to the letter of the code, if not its spirit. In the transitional provision, it states that the adjudicator must not uphold an objection that would prevent sibling priority for applicants who have siblings on the school roll before the beginning of the 2008 school year. The Watford grammar schools are different schools, so they do not have the same school roll. Consequently, the protection provided in the school admissions code does not apply. However, the Government went further than the mere contents of the code.

I mentioned a meeting involving the hon. Member for Watford, the Minister for Schools and Learners and parents from the Watford area. The notes from that meeting were produced by the office of the hon. Member for Watford and, I believe, cleared by the Department for Children, Schools and Families. They stated that the Minister for Schools and Learners had said that

> "those parents who have children in partially selective schools before the implementation of the code, i.e. before September 2008, will be protected from the removal of the rule. It would be unfair to effectively 'move the goal posts' for these parents."

I have spoken to a number of parents who attended that meeting, and they confirm that that is their recollection of what was promised. In other words, a promise was made that would apply not just to parents at Parmiter's

[Mr. David Gauke]

or those who would benefit from their children attending the same school, but to those in cross-sibling circumstances. That is not being delivered.

I have spoken to a number of parents who are deeply upset about that development and I shall give a couple of examples that have been raised with me in the past few days by constituents. On Friday, I met a father of two children, who told me that his family used to live very close to the girls' school—close enough to be sure of place for his daughter on the ground of locality. His eldest child, his son, obtained a place at the boys' school. The family assumed that they had a place at the girls' school assured for their daughter, and in February 2007 they moved a few miles away to Croxley Green, in my constituency. They are very happy in their new home, but had they known then what they know now, they would not have jeopardised their daughter's place at the school by moving.

Another parent told me that when her son won a place at the boys' school, they chose that school over another, co-educational school at which their daughter would have been guaranteed a place, because they understood that there would later be a place available for their daughter at the girls' school. I was informed of another case only today in which the son is at the boys' school and is feeling terribly guilty that his sisters are no longer in a strong position to obtain a place at the girls' school. This situation involves a great unfairness that goes against what Ministers had previously stated. I know that the hon. Member for Watford recognises the unfairness and is doing what she can to raise the matter. What do the Government say about it?

The Government say that this is all about the schools adjudicator, who is independent, and that it is nothing to do with them. Parents have been told that Ministers did not expect this judgment, but the message being given is that there is nothing that the Government can do, even though they say that the goalposts should not be moved. People have made decisions about their choice of school or about moving house on the basis of these governmental promises, yet the Government are not prepared to stand by them.

The schools adjudicator is acting on the basis of a code that was drafted by the Government. Why cannot they amend the code to bring it into line with the stated objective of protecting families already in the system? I am sure that such an approach would have cross-party support. I am sure that it would be supported by Members of Parliament whose constituencies are in the Watford area. It would solve this problem, so I urge the Minister to adopt it. She may say that the schools adjudicator is independent, but that has not prevented the Secretary of State for Children, Schools and Families from writing to, and putting pressure on, the schools adjudicator, insisting on the strict adherence to the school admissions code. I urge the Minister to show some flexibility on this point.

A wider point relates to the way in which the Government are working in this area. It was clear from the original school admissions code that the Government wished to undermine the ability of partially selective schools to give priority to the siblings of existing pupils. The Government wanted to make those schools more like standard comprehensives and serve a smaller locality, and this was their way of doing it, but they found that the policy was immensely unpopular. In such circumstances, the Government could have stood their ground and argued that they were doing the right thing. Alternatively, they could have conceded the point and stopped trying to interfere in the admissions policies of those schools. Instead the Government found a third way, which involved dealing with the opposition that had built up by providing transitional provisions, albeit ineffectively, and giving the job of banning sibling priority to the supposedly independent schools adjudicator. In that way, the policy objective would be achieved but the Government would be able to distance themselves from it.

As another schools adjudicator has said, in a separate judgment that interpreted the code,

"the Government consider that it is generally undesirable for secondary schools which select more than 10 per cent. of their intake by ability or aptitude also to operate sibling criteria".

I think that that is correct and that it shows what the Government wanted to do. At least the adjudicator in that case argued, again rightly, that the Government's intention was transitional provisions to protect families currently at the school. However, it is clear that the ultimate destination is that partially selective schools will no longer be able to give priority to siblings. As the school admissions code stands, it is clear that the Government's original intention of stopping sibling priority for partially selective schools will be achieved—it is only a matter of time.

This situation was entirely predictable. I wrote an article in January 2007 stating that the Government's partial climbdown on this issue would prove to be a short-term one. I do not normally quote myself in this House, but I stated that

"this episode provides an excellent example of how"

the Government—

"hides behind unaccountable bodies which can pursue policies at variance with the views of local people. Nobody should be surprised if, in a couple of years' time, the adjudicator determines that a school may not give priority to siblings. Parents, schools, councillors and MPs will protest. And it will make no difference because, subject to judicial review, the adjudicator's decision is final."

The future for these partially selective schools is that objections to their admissions policies will be made year after year. Eventually, a schools adjudicator will determine adversely against a school and, over time, not just cross-sibling priority for the Watford grammar schools but any sibling priority for any of the partially selective schools will be banned. We can argue over the rights and wrongs of sibling priority for those schools—I happen to believe that it is right—but the Government's approach of pursuing this objective while denying responsibility is somewhat cynical.

For the sake of my constituents and these excellent schools, I genuinely hope that the Government will reconsider their approach, especially with regard to the transitional provisions for the Watford grammar schools and the cross-sibling issue, but let me be blunt: if the Government do not change course, it will be made abundantly clear that the responsibility for the attack on those schools, and the problems caused for many families in the Watford and surrounding areas, will lie at their feet.

11.55 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I congratulate the hon. Member for South-West Hertfordshire (Mr. Gauke) on securing this debate, although he probably did not envisage that it would occur quite so late at night. I appreciate that he is a strong advocate of his constituents' interests, and works hard to ensure that their views are heard. I note that my hon. Friend the Member for Watford (Claire Ward) is also in her place at this late hour. As a Whip, she is precluded from speaking about these issues in the House, but I know that she has had discussions and been in correspondence with Ministers in the Department for Children, Schools and Families on this issue.

I am sure that the hon. Gentleman agrees with the importance of fair access to the school system, and the key role that the school admissions code, and associated regulations, play in achieving that. The schools adjudicators have a crucial responsibility towards the ultimate aim of fair access for all children. Their role, in the admissions context, is both to enforce the mandatory provisions of the code and to consider objections from those, including parents, who consider that the arrangements might be disadvantaging particular groups in the community. It is therefore necessary and, indeed, right that they are truly independent. As the hon. Gentleman said, their rulings are final and cannot be overturned by political whim or public pressure. In order for them to act as the enforcers of the code, which was put in place by Parliament, that is how it must be.

To give a flavour of their work, in 2007-08, 108 objections were received by the Office of the Schools Adjudicator from parents about admission arrangements. Of these, 90 were upheld or partially upheld. Nineteen were received from schools, of which nine were fully upheld or partially upheld. There are proposals to extend the role of the schools adjudicators in the Education and Skills Bill, so that they can consider arrangements that they think may be unlawful, however they come to their attention, rather than through a specific referral. In that way, we will be able to drive out poor practice in admissions arrangements, and ensure that every school place is awarded based on lawful criteria.

We will also place a duty on local authorities to report annually to the chief schools adjudicator on the fairness, legality and effectiveness of the admission arrangements in their area. In that way, the admissions system will be more closely monitored to ensure that it moves closer to our goal of fair access. We are also clear that we should continue improving the system to be as fair and transparent as possible.

We acknowledge that not every parent receives their first preference of school. However, in the 2008 secondary admissions round, 82 per cent. of parents received their first preference school and 94 per cent. received their first, second or third preference. According to the 2008 survey of parents in England, conducted by GFK Social Research, 78 per cent. of parents felt that the school place their child received was ideal, rather than the best school available under the circumstances. We have recently completed a public consultation on improvements to the school admissions code, and are currently analysing responses. I am pleased to note that many parents have taken part in this consultation. Some 29 per cent. of respondents were parents, and they formed the biggest group of respondents. We will respond publicly to the consultation in due course.

On the issue of partial selection, as the hon. Gentleman will know, the law permits any school with a specialism in one of the prescribed subjects to give priority to a maximum of 10 per cent. of pupils on the basis of their aptitude for that subject. Schools that had arrangements in place in 1997 for the selection of some of their pupils by aptitude can keep those arrangements in place, provided they do not increase the proportion of pupils selected under those arrangements. No other new forms of selection by aptitude can now be introduced. As the hon. Gentleman is also aware, we strongly oppose any new selection by academic ability. There are 164 grammar schools still in existence, for which different arrangements apply. Only a small number of schools operated a partial selection system at the start of the 1997-98 academic year. They may continue to select a proportion of their pupils on the basis of high academic ability.

Let me turn to the sibling rule. Where there is a high proportion of selection by ability or aptitude, the number of non-selective places is limited. Where such a school also gives priority for its non-selective places to children on the basis that they have an older sibling at the school, the number of non-selective places available to other children is reduced even further. Assuming that the younger siblings of children who passed a test of ability or aptitude would also be likely to pass such a test, we believe that the use of the sibling criterion in these schools can lead to a disproportionately high number of children being admitted who would have passed the selection test. The result is that a much reduced number of non-selective places are available for children from other families who would not have passed the selection test.

That is why the school admissions code advises partially selective schools proposing to give priority to siblings that they should ensure that their admission arrangements as a whole do not exclude other families living nearer the school. However, the code does not prevent schools from giving priority to siblings of children at the school, but simply advises of the possible effects of doing so. It is for the independent schools adjudicator to decide on receipt of an objection whether the use of the criterion is fair in the local context.

In 2007-08, the Office of the Schools Adjudicator received 40 objections about the use of the sibling rule, of which 38 were upheld or partially upheld. Twelve were from parents with a child already in the relevant school, 18 were from parents whose children were not yet in the school and 10 were from local authorities. However, we recognised in the code that some parents would have a reasonable expectation that their younger children could attend the same school as their older child. That is why we included the transitional arrangement to which the hon. Gentleman referred, which effectively prevents the adjudicator from upholding an objection to the sibling criterion at one of those schools as long as the older child was on roll at the school before the beginning of the 2008 school year.

Let me move on to the situation in Watford. It would not be right for me to discuss that individual case in great detail, and I do not think that it is appropriate for me to comment on the adjudicator's judgment. My understanding from what the hon. Gentleman has said

[Sarah McCarthy-Fry]

and from other discussions that I have had is that parents feel aggrieved because my hon. Friend the Minister for Schools and Learners agreed at a public meeting in 2006 that parents' reasonable expectations about admission arrangements should not be changed midway through the process.

As far as I am aware, my hon. Friend made no mention of the rather unusual arrangement for the cross-sibling rule at the meeting simply because he was not aware of it. I understand that he gave an undertaking, in all good faith, that parents who had children already at the school and therefore had a reasonable expectation that their younger children would follow should not be disadvantaged. He delivered on that commitment in the transitional arrangement to which I referred earlier.

Mr. Gauke: Surely the point that the Minister for Schools and Learners was making was that

"those parents who have children in partially selective schools before the implementation of the code...will be protected from the removal of the rule."

That is the principle, and it applies to the cross-sibling situation as well as elsewhere. People did not know what the situation would be in 2008 and their perception was that their younger children would have priority, but now that has been removed.

Sarah McCarthy-Fry: My hon. Friend the Minister for Schools and Learners could not have been expected to give a commitment on a rule that he was not aware existed. As far as he was concerned, he was referring to the sibling rule, and he was not even aware that a cross-sibling rule existed.

My understanding of the determination by the adjudicator in respect of the Watford schools is that it has not changed the position for parents who had an older child on-roll at the same school before 2008. However, it has ended the practice of giving priority to children who have an older brother or sister at the other school, and this practice was not covered by the transitional arrangement in the code. As the hon. Member for South-West Hertfordshire has stated, the Secretary of State has no powers to overturn the adjudicator's decision. That can be done only by the courts.

However, as I said earlier, we have been consulting on improvements to the schools admission code for 2010 onwards. Following discussions with my hon. Friend the Member for Watford, I understand that, due to the determination of this case coming soon after the consultation on a revised code ended on 2 October, some parents felt that they had missed the opportunity to contribute to the consultation. Given the circumstances, I would welcome any comments that they have, and I will consider any responses from them, provided that my Department receives them by the 15 November. I hope that the hon. Member for South-West Hertfordshire will welcome that extension to the consultation.

My hon. Friend the Member for Watford has also asked specifically that, as part of the consultation, I consider extending the transitional arrangements to cross-siblings as well as siblings from 2010 onwards. The hon. Member for South-West Hertfordshire also mentioned that in his contribution, and I can say that I will consider the matter, although I can make no commitments at this stage. In any case, of course, an extension would not apply to those parents with children who are due to enter school in September 2009.

To conclude, I believe that the schools adjudicators play a crucial part in ensuring that the school admissions system is equitable, so that parents stand the greatest chance of receiving a place for their child at one of their preferred schools. I am sure that the hon. Member for South-West Hertfordshire will continue to support all local parents in his constituency to ensure that they have a strong voice in the debate as it continues.

Question put and agreed to.

Adjourned accordingly at six minutes past midnight.

House of Commons

Wednesday 29 October 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Post Office Card Account

1. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What recent discussions he has had with the Secretary of State for Work and Pensions on the future of the Post Office card account in Scotland. [229804]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): My right hon. Friend the Secretary of State and I have regular discussions with ministerial colleagues on a range of issues.

Danny Alexander: The contract for the new Post Office card account should be awarded to the Post Office because of its unrivalled geographical reach. If towns and villages across Scotland lose their post offices, they will often lose their shop, their only source of pensions and cash, and vital support for vulnerable people in those communities. Will the Minister make the Government understand that to take the Post Office card account away from the Post Office would be a betrayal of those communities?

Ann McKechin: I can understand the hon. Gentleman's concerns, but as he will appreciate, we are currently undergoing a tendering process and it would not be appropriate for me to comment on that process, which we hope will complete later this year. I remind him that 27 bank or building society accounts can already be accessed through the post office network. We are committed to the idea that the universal access criterion must have priority.

John McFall (West Dunbartonshire) (Lab/Co-op): The Minister will realise that it is crucial that the Post Office is put on a sound financial footing. For the next four or five years, POCA must be instrumental in ensuring that that is the case. Otherwise, sub-postmasters will voluntarily close post offices and we will find that our financial inclusion targets will not be met as a result. Will the Minister keep those comments in mind when she is discussing the issue with her ministerial colleagues?

Ann McKechin: My right hon. Friend has a strong record of supporting financial inclusion and I certainly take his comments on board. The fact that we have spent nearly £2 billion on the post office network since 1999 and are committed to a further £1.7 billion up to 2011 shows that we want to ensure that there is a strong, sustainable post office network that will be maintained not only now but beyond 2011.

Mr. Mike Weir (Angus) (SNP): Is the Minister aware of the letter written by George Thomson, the general secretary of the National Federation of SubPostmasters, to the Prime Minister, the Secretary of State for Work and Pensions and the Secretary of State for Business, Enterprise and Regulatory Reform, which sets out huge concerns about the delays in making a decision on POCA? POCA is important for sub-post offices, and the letter says that 10 per cent. of their income comes directly from POCA. The post offices are also the last financial institution in many of our villages following the withdrawal of the banks, which are receiving huge sums of Government money. Will the Minister impress on the Secretary of State for Work and Pensions the importance of a quick decision in favour of the Post Office?

Mr. Speaker: Order. Let us have supplementary questions, not speeches.

Ann McKechin: The hon. Gentleman rightly indicates that the need to maintain universal access, particularly in rural areas, is important. That is why we have maintained a strong rural network: 95 per cent. of the rural population must be within 3 miles of a post office. However, it is also important that we have a sustainable network. The markets are changing and so are people's shopping habits. That is why we are awaiting not just the tender process, which is required under EU law, but the Hooper review, which will point us in the direction that we must follow to ensure that we have a sustainable universal access network.

Mr. Ben Wallace (Lancaster and Wyre) (Con): May I welcome the Secretary of State and the Minister to their offices? I want to place on record my appreciation of the Minister's predecessor, the hon. Member for Inverclyde (David Cairns). He was a helpful and able Minister, and I shall certainly miss him.

At this time, our post offices need certainty, stability and an indication that they have a financial future. The Government's deadline to receive those bids finished in March and for eight months we have had no announcements. If the Post Office loses this contract, the real losers will be our rural communities and dozens of post offices up and down the country. Is it not the case that the delay in the announcement and the very scheduling of the Glenrothes by-election at the same time as the presidential elections have nothing to do with the good people of Fife and everything to do with saving the political skin of the Prime Minister?

Ann McKechin: I thank the hon. Gentleman for his warm remarks of introduction and welcome, but I think that he got beyond himself. Last week, the Secretary of State for Work and Pensions firmly rejected any suggestion that there was any coincidence between the tender process and the by-election. The tender process is a complex legal issue that requires appropriate time and consideration. It is inappropriate for any Minister to interfere with or comment on that process. Unlike the Opposition, who wish to slash public spending, we

have shown firm public commitment to the post office network throughout our tenure in government. The fact that we have invested £3.7 billion in that network is plain proof of that fact.

Banking Sector

2. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet the First Minister to discuss the future of Scotland's banking system. [229805]

3. **Mr. Peter Bone** (Wellingborough) (Con): What recent discussions he has had with the First Minister on the operation of the banking sector in Scotland. [229806]

The Secretary of State for Scotland (Mr. Jim Murphy): I am in regular contact with the First Minister and discuss a variety of issues. The Scottish banking system is now well placed to combat these difficult times after the significant intervention by this Government to stabilise the market.

Mr. Bellingham: May I congratulate the Secretary of State on his appointment? Does he recall that the First Minister said earlier in the year that an independent Scotland could look forward to an "arc of prosperity" based on Ireland, Iceland and Scandinavia and underpinned by Scotland's "world class" banks? Will he remind the First Minister in a telephone call today that the Scottish banks would not exist today if the UK Government had not moved quickly, and if they had not been underpinned by English taxpayers in our constituencies? Will he also remind him that it is time for him to abandon completely his misguided campaign—

Mr. Speaker: Order. When there are long speeches instead of supplementary questions, other Back Benchers are going to be squeezed out.

Mr. Murphy: I wish to thank the hon. Gentleman for his warm welcome for my appointment, and to place on record again my appreciation of the work done by my predecessor, my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne).

Although this is my first time at the Dispatch Box as Secretary of State for Scotland, I know very well that I am not accountable for the words, deeds or actions for Scotland's First Minister. However, I am aware that he has compared Scotland to Iceland, Ireland and Norway. Of course, Iceland is now bankrupt as a country, Ireland faces an austerity budget—*[Interruption.]* I hear an hon. Gentlemen shouting, "Tell us about Norway!" Well, the Norwegian Foreign Minister has today told us all about Norway, and said that the Scottish National party must stop making vacuous comparisons between Norway and Scotland.

Finally, the hon. Member for North-West Norfolk (Mr. Bellingham) talked about English taxpayers subsidising Scottish banks, but he will be aware from his insight into his own constituency that the Royal Bank of Scotland-NatWest has four branches in his area, and HBOS has one. This is an international problem that needs international solutions. It affects all our constituencies, including his own.

Mr. Bone: I congratulate the right hon. Gentleman on his well deserved appointment. He has moved from defending an indefensible Union to upholding a vital Union. Does he agree that the Scottish banking sector has fared better in this financial crisis because Scotland is part of the UK than it would have done had Scotland been independent?

Mr. Murphy: I absolutely agree. The UK has invested £37 billion in Scotland's banking sector, and that is greater than the entire Scottish Government budget. The entire cost of the investment package is estimated at £100 billion, which is more than the annual budget for the whole of Scotland. I disagree, of course, with the hon. Gentleman's earlier comment. We spent many long months debating whether the UK would be better off outside the EU, but I think we all now agree that Scotland is better off in the UK.

Dr. Gavin Strang (Edinburgh, East) (Lab): May I thank my right hon. Friend for his active involvement in the banking crisis? Does he agree that the futures of the Royal Bank of Scotland and Halifax Bank of Scotland are of huge significance to Edinburgh, the south-east of Scotland and to the Scottish economy as a whole? Will he continue to work with the Prime Minister and the Chancellor to support the banking system and above all to sustain as many financial sector jobs as possible in Scotland for the long term?

Mr. Murphy: My right hon. Friend has a long history of campaigning on these issues, and he has taken a close interest in the current difficulties faced by Scottish banks and banks throughout the UK. I look forward to discussing these matters with him in further detail over the weeks ahead. Unfortunately, however, some people involved in international banking and banking institutions in the UK took reckless decisions that put at risk other people's savings and mortgages. While risk is an essential part of a market, taking irresponsible risks with other people's well-being must come to an end.

Mr. Jim Hood (Lanark and Hamilton, East) (Lab): May I first congratulate my right hon. Friend on his new appointment as Secretary of State for Scotland? I am delighted to see him at the Dispatch Box. Does he agree that the Scottish banking situation is so important that we cannot just leave it to Adjournment debates in the House of Commons? Will he therefore have a word with the Leader of the House to have a Scottish Grand Committee called as quickly as possible, so that we can discuss the matter?

Mr. Murphy: Serious times call for serious measures. Where I can, I try to say clearly that as Secretary of State for Scotland I will work with anyone who is working on behalf of Scotland, which is why I convened the first ever gathering of CBI Scotland, the Scottish Trades Union Congress and the First Minister to demonstrate that, where we can, we should be working together. That is the approach that I shall take every day in this job.

We have to look for additional ways to discuss the problems facing Scottish banks, and if my hon. Friend thinks that calling the Scottish Grand Committee is part of the solution, I look forward to his making that case. I would of course have no hesitation in appearing before the Scottish Grand Committee.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): On behalf of my party, I welcome the Secretary of State and his Under-Secretary to their new positions and pay tribute to their predecessors. They left the Government in different circumstances, but they gave distinguished service to the Government in their time and I very much hope that they will continue to be part of Scotland's political debate.

Has the Secretary of State seen reports in *The Scotsman* today, indicating new interest in parts of the HBOS group, namely from Clerical Medical and Insight Investment? Does he accept that that is a further alteration to the situation that pertained when the takeover by Lloyds TSB was first mooted and, accordingly, that it requires to be looked at again seriously? In that context, will he urge his right hon. Friend Lord Mandelson to publish the Office of Fair Trading report so that if we are to abandon competitiveness in the banking sector we at least know why?

Mr. Murphy: We wish to see stability in the banking system in Scotland, throughout the United Kingdom and much more widely. Part of that stability would guarantee security for savers, investors, mortgage holders, staff and small businesses across the UK. The argument that HBOS's business model would not be able to survive the current economic climate has been well rehearsed, but the fact is that only one concrete offer is on the table. That is an issue for the boards of the two banks and the shareholders—it is not for the Government to dictate—but although there is press speculation about other bids, there is only one firm bid on the table at the moment.

Mrs. Anne McGuire (Stirling) (Lab): I, too, add my congratulations to my right hon. Friend on his new position as a full-time Secretary of State for Scotland.

I do not want us to underestimate the importance of the comments made by the Norwegian Foreign Minister, reported in today's press. When my right hon. Friend next meets the First Minister, will he raise those comments and expose the credibility of the First Minister's arguments? Perhaps he will go one step further and say not only that it is economically unsound to make those comparisons but that it is economically illiterate.

Mr. Murphy: My hon. Friend is absolutely correct. On behalf of everyone on our side of the House, I pay tribute to her for her brilliant work over nine years as a member of the Government in various posts. She is right to draw attention again to the comments of the First Minister. In his first speech as First Minister, he said:

"Scotland can…be part of northern Europe's arc of prosperity. We have three countries, Ireland to our west, Iceland to our north and Norway to our east. We can join that arc of prosperity."

It is no wonder that many commentators now talk about an arc of insolvency—the SNP vision of a North sea bubble has well and truly burst.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): I begin by welcoming the right hon. Gentleman to his new role. It is particularly welcome on the Conservative Benches that there is once again a stand-alone Secretary of State for Scotland. Scotland's interests cannot be adequately represented in the Cabinet along with those of the armed forces or any other nation or region of the United Kingdom.

May I also welcome the Under-Secretary of State for Scotland, and briefly pay tribute to the two predecessors at the Department? The right hon. Member for Kilmarnock and Loudoun (Des Browne) played a pivotal role in the establishment of the Calman commission, which will benefit all the people of Scotland. The hon. Member for Inverclyde (David Cairns) lost his job for speaking the truth, and he is not the first Member of this House to have done so. In that vein, I share the Secretary of State's views about the irresponsibility of the First Minister's comments on the "arc of prosperity", but does the Secretary of State agree that the Prime Minister was equally irresponsible to claim that boom and bust had been abolished? Did that not contribute to the devastating effect of the credit crunch on the Scottish banks?

Mr. Murphy: I thank the hon. Gentleman again for putting on record his appreciation for the work of my predecessor, and for his kind words of welcome to my hon. Friend the Under-Secretary and me. The fact is that Scotland is stronger in the United Kingdom at times of difficulty, and more prosperous in the United Kingdom at times of economic prosperity. I disagree with the hon. Gentleman's assessment of the Prime Minister's contribution. The fact is that the UK is showing the world

"the way through this crisis."

The shadow Secretary of State guffaws at that comment, but those are not my words; a gentleman called Paul Krugman, the winner of the Nobel prize for economics, made those comments earlier in the week. Whose economic judgment should I accept—that of the hon. Gentleman or that of a winner of the Nobel prize for economics? I will let the House make that judgment for itself.

Economic Situation

4. **Sandra Osborne** (Ayr, Carrick and Cumnock) (Lab): What recent discussions he has held with Scottish Executive Ministers on the condition of the economy in Scotland. [229807]

The Secretary of State for Scotland (Mr. Jim Murphy): I called a meeting last week with the Scottish Government, the Scottish Trades Union Congress and CBI Scotland to discuss the pressures in the Scottish economy. I also sit full time on the UK Government's National Economic Council.

Sandra Osborne: I am grateful for the fact that one of the Secretary of State's first acts in his new post was to agree to come to Ayrshire to discuss with local businesses their concerns about the current financial situation. In his recent discussions with the First Minister, the CBI and the STUC, did they discuss support for those who have recently become unemployed, not just in the financial services sector but in places such as the coalfield area in my constituency, which suffered mass unemployment during the dark Tory years?

Mr. Murphy: I look forward to visiting Ayrshire shortly. My hon. Friend referred to the fact that unemployment went up across many parts of the United Kingdom last week, after years of growth in employment. In response, the British Government published a £100 million training plan, the Welsh Government

published a £30 million training plan, and the Scottish Government issued a press release. That is not the action of a serious Government. The fact is that there are enormous challenges, and one such challenge in the current economic crisis is to ensure that those who are economically on the bottom rung of the ladder do not become dislodged and take a generation to recover. I am determined to work with everyone and anyone, across Scotland, to make sure that that does not occur.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): I welcome the meeting that the Secretary of State had last week with Scottish business leaders and trade unions. Is it planned that such meetings will be held regularly? Did he use the opportunity to ask Scottish businesses whether they would be better served by the Government borrowing to pay for increased spending on unemployment benefit, which is what his party wants to do, or by our taking the immediate practical steps on VAT and national insurance for small businesses that the Leader of the Opposition set out in his visit to Glenrothes?

Mr. Murphy: Of course we intend to repeat the meeting, and CBI Scotland will host the next one; that is a welcome step. The fact is that net debt was 43 per cent. of gross domestic product in 1996-97, and today it is 36 per cent. The UK's net debt is lower, as a percentage of GDP, than that in the euro area and in all G7 countries except Canada. It is important that we borrow to invest in public services. That is a striking contrast with what happened under a previous Government, who invested in failure. Unemployment was at 3 million; incapacity benefit trebled; and unemployment was considered a price worth paying. That price will never be paid, and is never considered worth paying, by a Labour Government.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I welcome my right hon. Friend to his position as Secretary of State. Given recent economic events, is it not the case that the First Minister of Scotland could be compared to an eight-year-old child with a bean rack?

Mr. Speaker: Order. The First Minister is a Member of the House, and temperate language should be used.

HBOS and Lloyds TSB

6. **Stewart Hosie** (Dundee, East) (SNP): What discussions he has held with ministerial colleagues on the proposed merger of HBOS and Lloyds TSB. [229809]

The Secretary of State for Scotland (Mr. Jim Murphy): The merger of HBOS and Lloyds TSB is a commercial decision for the boards and shareholders of those banks. We want stability in the UK banking system and protection for savers, mortgage holders, staff and businesses.

Stewart Hosie: I welcome the Secretary of State and the Minister to their new positions, and would like to put on the record the admiration that our party had for their two predecessors.

I thank the Secretary of State for his answer. The merger of HBOS and Lloyds TSB will, of course, have to be voted on by shareholders; I understand that the meetings will take place in mid and late November. I am sure that the Secretary of State will agree that all the information should be available to the shareholders before the votes take place. Will he impress on the noble Lord Mandelson, the Secretary of State for Business, Enterprise and Regulatory Reform, the need to publish the Office of Fair Trading report on competition in advance of the shareholder meetings?

Mr. Murphy: It is important that we have a wide conversation about Scotland's economy and Scotland's future. Again, the matters mentioned are for the boards and shareholders of those two great institutions.

Until now, the Scottish National party's argument about economics has relied entirely on oil and Iceland. Every family in Scotland knows that a household budget cannot be organised on enormous fluctuations in oil prices, which stood at $150 a barrel a year ago and now stand at $59 a barrel. Iceland as a country is on the verge of bankruptcy. On the particular point about the banks' merger, I should say that it is important that information should be available and that shareholders should make their decisions in an informed way.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): I congratulate the Secretary of State on his new position. Will he work with the Unite union to make sure that the jobs of those in the banking industry throughout the United Kingdom are protected? Spivs and speculators have been destroying jobs in the industry, and we do not want to lose any more.

Mr. Murphy: My hon. Friend is right: it is important that we should have such conversations with trade unions. That is why on the very day when my right hon. Friend the Chancellor made his announcement about bank recapitalisation, I invited both the trade union Unite and the trade union Accord to meet me at the Scotland Office in Edinburgh. We discussed the type of issues that my hon. Friend has rightly raised today.

Malcolm Bruce (Gordon) (LD): Is the Secretary of State not forgetting that British taxpayers are about to become a shareholder in HBOS and that they should have a view on the matter? Given that competition rules are being set aside, is it not important to ensure that every possible option—including maintaining HBOS as an operating entity in its own right—is considered, to ensure that consumers have the full range of choice in the future?

Mr. Murphy: The right hon. Gentleman is absolutely right. There has been enormous UK taxpayer investment in saving those two great financial institutions. I think he will agree that only through the power and influence of a United Kingdom Government and a UK economy are we able to make such enormous investment in those institutions. Lloyds has confirmed that the HBOS part of the business will continue to use the Mound as its Scottish headquarters and that it will continue to publish Scottish banknotes. I remind the House again that there is currently only one offer on the table which can be considered by the board and the shareholders—and that remains a fact, regardless of any press speculation.

Energy

7. **Miss Anne Begg** (Aberdeen, South) (Lab): What recent discussions he has had with representatives of the energy sector on Scotland's future energy needs. [229810]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): Meetings are currently being arranged with the energy industry. My right hon. Friend the Secretary of State will also be attending the oil and gas UK supply chain conference on 12 November in Aberdeen.

Miss Begg: I am glad to hear that because obviously the oil and gas industry is important for Aberdeen and the whole economy of the north-east of Scotland. I hope that there is a long future for the industry in the North sea—*[Interruption.]*

Mr. Speaker: Order. This is so unfair—the hon. Lady must be heard.

Miss Begg: Thank you, Mr. Speaker. I hope that there will be a long future for the offshore oil and gas industry, which is so vital to the economy of my constituency. However, does my hon. Friend agree that it would be a mistake to base a whole economy on a very volatile resource?

Ann McKechin: My hon. Friend has a fine record of working for the oil industry in Aberdeen and for her constituents. As she rightly points out, the oil industry remains a vital industry in Scotland, but it is important that it has a stable investment and tax structure, which the UK framework currently provides. The oil fund to which the First Minister has made reference has suddenly disappeared from his press releases, and now we have the request for £1 billion regurgitated from six months ago. I think we can all draw our own conclusions.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [231034] **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): If he will list his official engagements for Wednesday 29 October.

The Prime Minister (Mr. Gordon Brown): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Bailey: Small businesses, which are essential to jobs in my constituency, are suffering from high raw material prices, high energy prices and, in some cases, reduced demand. What steps is my right hon. Friend taking to ensure that the support that we have given to the banks is reflected in the support that banks give to small businesses during this difficult time?

The Prime Minister: My hon. Friend is absolutely right. Central to the recovery of jobs is the resumption of lending by banks to businesses. I discussed that not only as a national problem, but a problem in many countries, with President Sarkozy when I met him last evening. We have all taken measures to recapitalise our banks and to ensure stability. We continue to work on increasing access to funding. Having recapitalised the banks, we want to ensure that they will extend availability of credit at competitive prices. Further announcements will be made tomorrow when we have a meeting with the banks.

We are also considering new mechanisms by which, for example, the European Investment Bank can give financial support where traditional institutions are not able to do so. We urge banks not to change the terms and charges for existing lending to small businesses in our country. The President and I also talked about the role of fiscal policy in the future. I have been discussing that with other leaders. It is right that fiscal policy supports monetary policy at this time.

Mr. David Cameron (Witney) (Con): If the Prime Minister wants to help small business, he can start by cancelling his plan for putting up the rate of corporation tax for small business.

In the past fortnight we have learned that housing repossessions are up 71 per cent., unemployment is rising at its fastest rate for 17 years and the economy is shrinking. Will the Prime Minister now finally admit that he did not abolish boom and bust?

The Prime Minister: I have already told the right hon. Gentleman: we have had the longest period of growth in the history of this country. We have created 3 million jobs during that period, and we have been able to double public investment in education, health and transport. If we had taken his advice, we would not have nationalised Northern Rock and we would not have taken the action to deal with the problems of HBOS and other banks—and he would have loosened the regulation on banks at a time when everybody is saying to increase it. I am not going to take any advice from the Leader of the Opposition on these matters.

Mr. Cameron: How can the Prime Minister not admit that there is an economic bust when 120 homes are being repossessed every day and when the Bank of England says that 1.2 million people are going to go into negative equity? If he cannot admit what he got wrong in the past, why will anyone listen to him about the present or the future?

Let me turn to the Prime Minister's fiscal rules, which allowed him to pile up this huge borrowing in a boom. He said that his fiscal rules were

"the basis on which I think people have seen this Government as competent".

He said that they were right for every stage of the economic cycle, and he absolutely guaranteed—that is the word that he used—that he would not break them. Does he accept that the fiscal rules are now dead?

The Prime Minister: First of all—[Hon. Members: "Answer!"] I think that the Opposition should listen for a minute, and maybe they will learn something. First of all, the cause of the crisis that we are facing started in the private banking sector, not with national Governments. If the Leader of the Opposition does not understand that that is the problem, he will not be able to come to a proper solution, because the solution lies in recapitalising the banks, then ensuring that they start lending again. If

we could have a sensible debate about the matter across the Floor of this House, and he removed the partisan way in which he is dealing with it, as he promised to do—*[Interruption.]* He was the man who was going to end the Punch and Judy show, and he was the man who was going to have a bipartisan approach.

As for the fiscal rules, we have met them in the last 10 years. If I may remind the right hon. Gentleman, borrowing has been 1 per cent. under the Labour Government during the last 10 years; it was 3 per cent. under the Conservative Government. They broke the roof; we fixed it.

Mr. Cameron: The Prime Minister says—[HON. MEMBERS: "More!"] There's plenty more.

The Prime Minister says that he wants us to listen; we have been hearing about his fiscal rules for 10 years. He stood there and lectured us about the brilliance of his fiscal rules. Why will he not now admit that they are dead? Let us just remember them—he used to be so proud of them. Rule 1 was, "Only borrow to invest"; now he is having to borrow to pay for unemployment benefit. That rule is dead. Rule 2—*[Interruption.]* They do not like being reminded about their own fiscal rules. They used to enjoy the lectures so much. Rule 2 was, "Don't have debt over 40 per cent. of national income." Even on his own fiddled figures, that rule is now dead. Why will he not admit that the rules failed to deliver responsibility in the good years and that, as soon as the bad times came, they collapsed completely?

The Prime Minister: May I just remind the right hon. Gentleman of what he said only a few days ago? [HON. MEMBERS: "Answer!"] It is important to the issue. He said:

"Borrowing...is inevitable and you have to allow that to happen. Those automatic stabilisers as Keynes called them, those have to operate."

He is saying that, but the shadow Chancellor said this morning in a newspaper that borrowing is the wrong approach. The right hon. Gentleman said a few days ago that it is the right approach. When will they get their act together and show that they have one coherent policy?

Mr. Cameron: The Prime Minister cannot tell us whether his fiscal rules are alive or dead or in some sort of suspended animation. We have established that he has broken his fiscal rules, and we have established that he led the economy from boom to bust; now let us look at what he is going to do about it. Does he agree that you cannot spend your way out of a recession?

The Prime Minister: I just repeat what the right hon. Gentleman said. [HON. MEMBERS: "Answer!"] If he said:

"Borrowing...is inevitable and you have to allow that to happen. Those automatic stabilisers...have to operate",

that means we have to spend in a way that takes us through this economic crisis. If he does not understand what he said a few days ago, perhaps his meetings with the shadow Chancellor during the past few days have not been about economics at all.

Mr. Cameron: I asked the Prime Minister whether he agreed that you cannot spend your way out of a recession. Why did he not just say yes? I have a quote for him. It is something that he said in 1997—[HON. MEMBERS: "Ah!"] Oh, it was 10 years ago, so it does not count—is that the new rule? This was not some off-the-cuff speech; it was at the Labour party conference, as Chancellor of the Exchequer. He said,

"we have learned from past mistakes...you cannot spend your way out of recession".

Is not the truth that the Prime Minister has been going round telling everyone that he is the new John Maynard Keynes with a plan for a spending splurge? Meanwhile, the pound has fallen further than in any previous devaluation, and the Chancellor is having desperately to back off. So can he confirm: is he planning a spending splurge or not?

The Prime Minister: And he is quoting Keynes. I thought the right hon. Gentleman said that he supported Keynes on when the automatic stabilisers should work. Let me remind him again of the Conservative party position. The person who shadowed for the shadow Chancellor last week said in an interview to the BBC:

"To increase borrowing to deal with an economic downturn—that's a perfectly sensible thing to do."

A few minutes later, he said:

"Increasing borrowing is not a strategy for dealing with the recession."

The Conservatives are nowhere on policy to deal with the problem.

Mr. Cameron: So that is the new fiscal rule—never answer the question. The Prime Minister has been caught red-handed—he spun a line about a spending splurge to try to look as if he had a plan, but the Treasury Secretary said that the Government would not "increase" but "maintain" spending. He has been caught irresponsibly spinning about irresponsible spending. Is not the truth that he has got not a plan but a giant overdraft? Is it not the case that thousands of people are losing their homes and their jobs because the Prime Minister's irresponsible boom has turned to bust?

The Prime Minister: The thousands of people in our country who are worried about their homes and their jobs will want to know that they have a Government who are prepared to take the action that is necessary to deal with the problem. The Conservative party says that borrowing is the wrong approach; I say that it is right to take the action that is necessary to lead us through the difficulties. The Conservative party has no policy. It is not prepared for government—it is not even prepared for opposition.

Joan Walley (Stoke-on-Trent, North) (Lab): I know that the Prime Minister has a lot on his plate, but I would like him to know the outcome of the referendum in Stoke-on-Trent last Thursday. The people voted to go ahead to have a leader and a cabinet to run the council from next summer. In these difficult times, will my right hon. Friend give the people of Stoke-on-Trent his assurance that the Government will do everything they can to work in Stoke-on-Trent to draw a line, move forward and deal with all the economic issues that we face?

The Prime Minister: My hon. Friend has spoken to me about those things on several occasions. It is right that all parties work together to come through the

difficult times. We will do whatever we can to help the industries of Stoke come through the difficult times that they face.

Mr. Nick Clegg (Sheffield, Hallam) (LD): As we heard earlier, the Prime Minister does not seem to distinguish between good public spending and bad public spending. At a time when every penny of public money needs to be spent wisely, he wants to waste £13 billion on an NHS computer system that does not work, £12 billion on a surveillance database, which will spy on everybody in the country, and billions more on ID cards. He could redirect all that money to the things that people really need in a recession: homes for hard-pressed families; good child care, so that people can go out to look for work; and training for people who have lost their jobs. At a time when all British families have to rethink their spending plans, is it not time for him to rethink his?

The Prime Minister: I do not recognise the figures that the right hon. Gentleman gives us. The only figure that matters in this debate is that the Liberal party wants to cut £20 billion out of public spending. That would be the wrong course for this country.

Mr. Clegg: This country is in much worse shape than I feared if it has a Prime Minister who cannot tell the difference between redirecting and cutting public money. Grandiose plans for public spending might help in the long term, but low and middle-income families need more money in their pockets right now. Why does he not have the courage to close the multi-billion pound tax loopholes that benefit only the wealthy? That way, he could deliver big tax cuts for people who desperately need help. It would not require extra Government borrowing, it is fair and it would be good for the economy. Why will not the Prime Minister give people on ordinary incomes some of their money back?

The Prime Minister: We have been closing tax loopholes in every Budget for the past 11 years. We are putting an additional amount of money into the economy: 22 million people are getting a tax cut of £120, the winter allowance will be £250 for over-60s and £400 for over-80s, and we are helping low-income families with their fuel bills. The right hon. Gentleman cannot wish away the policy that he announced at his conference: to cut public spending by £20 billion. That is the wrong policy for this country at this time.

Q2. [231035] **Mr. Gordon Marsden** (Blackpool, South) (Lab): Last week in Blackpool, I sat down with my further education college to discuss its £100 million Government-funded redevelopment and its hopes for higher education expansion, which are both key to Blackpool's regeneration. What can the Prime Minister now do to accelerate investment in such projects, as part of his strategy to combat the economic downturn, as opposed to the Opposition, who do not have a clue?

The Prime Minister: We are continuing to spend huge amounts of money on regeneration and education, and that is the right thing to do—to prepare and equip ourselves for the global challenge that lies ahead. It is also right that we raise the education leaving age to 18, to enable people who are in work at 16 and 17 to get skills one day a week, to enable people to access part-time learning as well as full-time learning and to give opportunity to all, not just to some. I regret the fact that the Liberal party and the Conservative party seem to be for opportunity for some. We are for opportunity for all.

Q3. [231036] **Sir George Young** (North-West Hampshire) (Con): In his first statement to the House after becoming Prime Minister and in the Green Paper on the constitution that accompanied that statement, the Prime Minister said that he wanted to rebalance power between the Government and Parliament. He said that he wanted Parliament to have a greater ability to hold the Government to account. Two weeks ago, the Government announced that the House would sit for 128 days next year—the smallest number of sittings in a non-election year since the second world war. Does he see any tension between those two propositions?

The Prime Minister: We moved power from the Executive to the legislature; for example, in decisions about peace and war, and also decisions about treaties. That is what I meant. If the House of Commons can do its business efficiently in 128 days, that is the right course of action.

Alison Seabeck (Plymouth, Devonport) (Lab): My right hon. Friend is very aware of the anxiety felt by many small investors in Icesave. We all have constituents with their life savings there. Mine have told me that they are anxious about developments and they are not being told very much, particularly about the structure of the scheme. Can my right hon. Friend confirm please that progress is now being made on the compensation scheme and that investors will be kept advised?

The Prime Minister: The Financial Services Authority has made an announcement about how it will deal with the problems that are faced by UK retail investors in those Icelandic banks. That statement was made last week and I am very happy to meet my hon. Friend to talk about these issues.

Q4. [231037] **Mr. Philip Hollobone** (Kettering) (Con): Does the Prime Minister agree that it is an absolute disgrace for the Black Police Association, which has been in receipt of substantial public funds, actively to discourage black and Asian people from joining the Metropolitan police?

The Prime Minister: We want to encourage more black and Asian people to join the police and we will continue to do that. Obviously I will look into what the hon. Gentleman says about the association, but it is important that the message goes out from all parties in the House that we want as many black and Asian people as possible to apply to join the police and to be recruited.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): The Prime Minister will know that there is currently a large deployment of men and women serving in Afghanistan from Plymouth and the south-west. What assurances can he offer them, their families and the House that the Government will continue to invest in the equipment that they need to match the professional skills and dedication that they bring to the very difficult job that they do on our behalf?

The Prime Minister: My hon. Friend has done a great deal, visiting Afghanistan and representing many of her constituents in her area. One of the issues in Afghanistan that we have had to deal with is the provision of properly protected vehicles for our armed forces. I am pleased today to be able to announce the planned investment of more than £700 million to deliver new and improved protected vehicles to our armed forces, particularly in Afghanistan. We will be buying 700 new vehicles and upgrading more than 200 more. In the face of new and developing threats, that will mean that our armed forces have the best practical protection for the work that they do. I hope that all parts of the House will favour that.

Q5. [231038] **Paul Holmes** (Chesterfield) (LD): Yesterday, along with other Derbyshire MPs, I met the chief constable of Derbyshire and the police authority. By their own admission, the Government underfund Derbyshire police by £5 million a year. As a result, Derbyshire is the fourth lowest funded police authority in the country and has the 14th lowest number of police officers per head of population. Will the Prime Minister order an inquiry into this travesty and ensure that the people of Derbyshire receive the funding and the police numbers that his Government say that they need to ensure public safety?

The Prime Minister: There are more police in this decade than at any time in our history, and more community support officers. That has been possible only because we have doubled the budget on police in the past 10 years. Not only do we have more police, but crime has come down as a result of their visible presence on the streets. We would not be able to afford the police services that we want in any part of the country if we took the advice of the Liberal leader to cut £20 billion out of public spending.

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): Is the Prime Minister aware that, between July and September this year, the BP oil company made a profit of £6.4 billion? When many pensioners and poor, vulnerable people in my constituency are suffering and wondering how they are going to pay to heat their homes this winter, is it not about time that the Government introduced a windfall tax on companies such as BP?

The Prime Minister: We have applied a levy to the utility companies to enable us to spend more on heating for pensioners and others in the winter months. The fact is that oil prices are coming down. Oil is now $60 a barrel, whereas it used to be $150, and it is important that those price cuts are passed on to all customers. We cannot take the advice of the shadow Chancellor on this matter. He resurfaced—or tried to resurface—with a statement that the price of petrol should go down, yet his fuel duty stabiliser would mean that the price of petrol would now automatically go up by 5p a litre—*[Interruption.]* He cannot deny it. That is why people doubt the judgment of the Conservative party.

Q6. [231039] **Mr. Andrew Robathan** (Blaby) (Con): In 1976, the United Kingdom was humiliated when the last Labour Government had to approach the International Monetary Fund to be bailed out. Should—God forbid—this Labour Government similarly have to go to the IMF for a bail-out, would the Prime Minister resign?

The Prime Minister: I think the hon. Gentleman should be remembering 1992, when the present Leader of the Opposition stood beside the then Chancellor of the Exchequer and, having tried to set interest rates at 18 per cent., they were unable to keep Britain in the European exchange rate mechanism. That led to 3 million unemployed, and that is the moment that the Conservatives should be remembering.

Q7. [231040] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): I am sure that my right hon. Friend will agree that vulnerable workers should be free from exploitation, whatever the economic climate. Will he therefore join Labour Members in welcoming the adoption of the temporary agency workers directive by the European Parliament last week? That follows two private Members' Bills in this House: my own and that of my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller), who has also pursued this issue. Will my right hon. Friend now outline to the House how and when the directive will be implemented into UK law, so that it can be of benefit to up to 1 million such workers up and down the land?

The Prime Minister: Members on both sides of the House should remember that the CBI was also supportive of this arrangement. We will bring forward legislation in the next Session of Parliament to implement it. As is the usual practice with EU directives, there will be a detailed consultation on the UK implementation. I think that, given the agreement that has been achieved across business in this country, both sides of the House should support the agency workers directive.

Mr. Peter Robinson (Belfast, East) (DUP): Will the Prime Minister join me in welcoming the decision by the Army to organise a homecoming parade in the city of Belfast? Does he recognise that the troops from Northern Ireland who have performed so well and so bravely in Iraq and Afghanistan come from both sections of our community? The decision taken by Sinn Fein to run a counter-parade and protest is therefore all the more preposterous, and has heightened tensions in Northern Ireland as a whole. Will the Prime Minister join me in urging people in Northern Ireland to ensure that we have a peaceful Sunday, and that everyone has due respect for the role that has been played by our brave troops, particularly in Iraq and Afghanistan? I have seen the role that they have played in the reconstruction of Afghanistan and the work that they are doing in mentoring the Afghan army. Will he urge everyone to do nothing to drag us back to the bad old days?

The Prime Minister: I want every Sunday to be a peaceful Sunday in Northern Ireland, and I want us to work together to ensure that we can undertake the remaining stages of the devolution that will make stability for the longer term possible. I also agree with the right hon. Gentleman that the troops in our armed forces deserve the support of every community from which they come. Where there have been parades in the different cities and towns of this country, not only have they been peaceful but large numbers of people have turned out because they want to give support to our troops and show them that they have the confidence of the British people. I want that to be a feature of our life in every part of the United Kingdom for many years to come.

Q8. [231041] **Colin Challen** (Morley and Rothwell) (Lab): In these difficult financial times, I know that we have to extract value for money wherever we can and that difficult decisions will have to be made. We also face the threat of climate change, which puts extra demands on the economy and what the Government have to finance. May I draw my right hon. Friend's attention to my early-day motion 2351—"Climate change and the UK's contribution to the Kopernikus satellite programme"? It is a very important scientific programme to monitor, given the impact of climate change—*[Interruption.]*—so would it be possible for me and a small delegation of British scientists to meet the Prime Minister to discuss the importance of this programme to the UK economy?

The Prime Minister: I am very happy to do so, and I must say that I thought climate change was an issue that both sides of the House wanted to take action on. We recognise the importance of understanding and monitoring climate change. No decision has yet been taken on the level of UK funding, but a final decision will be taken in advance of the ministerial meeting in late November. I applaud my hon. Friend for everything he has done to raise these issues—through the European Space Agency's programme and the wider work that he does on the environment. I used to think that the Tories supported a green policy, but now I am not so sure.

Q9. [231042] **Mr. Mark Prisk** (Hertford and Stortford) (Con): The Prime Minister says that he wants a third runway at Heathrow, so why are his Ministers lobbying against that, yet remaining part of his Government?

The Prime Minister: We said as a Government that we supported a third runway in principle. After all, there are five runways in Amsterdam, five in Paris and four in Frankfurt—and we are talking about only a third runway at Heathrow. We also said, however, that we would look into all the environmental considerations, which is what we are doing at the moment. We will come back to the House in due course.

Q10. [231043] **Mr. Ian Cawsey** (Brigg and Goole) (Lab): This morning, together with other hon. Members, I attended the David Black award, which is a celebration of the British pig industry and quality standard charter marks. They support farmers who are committed to high animal welfare, quality control and traceability of their products. Does the Prime Minister share my concern that Government procurement figures show that 76 per cent. of bacon products and 39 per cent. of pork products do not come from quality pork standard mark suppliers? As my right hon. Friend helps out different sectors of industry, will he ensure that procurement supports British farmers? If the Government do not stand up for them, why should anybody else?

The Prime Minister: I thank my hon. Friend for campaigning on behalf of that industry. Everybody knows that British bacon is best.

Sir John Butterfill (Bournemouth, West) (Con): The Prime Minister will be aware of the widespread public concern about foreclosures on mortgage properties, particularly by banks such as Northern Rock. Is he aware that some other debts—unsecured debts such as those on store cards—are being purchased by debt factoring companies, which are then applying to the courts for attachment to properties, subsequently obtaining possession of them for trivial debt? Is that a correct interpretation of the law, and if it is, does not the law need to be changed?

The Prime Minister: I am aware of that problem; we are looking into it. I believe that changes will be needed in practice.

Q11. [231044] **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): Representatives of small businesses in my constituency are still contacting me to say that new loan arrangements are either being refused by the banks or agreed on harsher terms. Will the Prime Minister assure me that he and the Chancellor of the Exchequer will do what they can to ensure that the agreement with the banks feeds through to small businesses?

The Prime Minister: This is the central issue that must be dealt with in the next few days. We have given liquidity to the banks and recapitalised them, so now we must have their resumption of lending. If that can be achieved by their taking new decisions to lend, that is exactly what should be done. At the same time, we will look into other instruments through which banks or other financial institutions can give money to small businesses to increase their cash flow. We will look at everything necessary, so that further to the recapitalisation of the banks, we have the necessary resumption of lending.

Dr. Richard Taylor (Wyre Forest) (Ind): I tried to phone Postwatch this morning to ask how to appeal against some of the post office closures in my area only to find that Postwatch had effectively ceased to exist—before the consultation had concluded. Is that fair?

The Prime Minister: I know that appeals made against closures have been successful in 44 cases. I will talk to the hon. Gentleman about how he can direct his own appeal.

Q12. [231045] **Margaret Moran** (Luton, South) (Lab): On Monday, a family living in my constituency almost lost their home as a result of a 3 per cent. increase in their fixed mortgage rate, a bank that refused to negotiate, and a judge who told them to get it over quickly. Will my right hon. Friend, as a matter of urgency, redouble his efforts to make it clear to both banks and judges that we will intervene to safeguard homes, and that, unlike the Conservative party, we will not leave our families to sink or swim?

The Prime Minister: It is for precisely the reasons given by my hon. Friend that the judiciary have issued a new instruction that repossession must be the last resort, not the first resort, and that banks must consider alternative means of funding and other means by which mortgages can be paid over a longer period if necessary. I hope that we will also deal with some of the problems faced by people in the same position as my hon. Friend's constituents.

We are changing the point at which unemployment benefit can be supported by mortgage interest repayment help. The new system will begin on 1 January, and will apply to people who have been unemployed for 13 weeks. We are taking the actions that are necessary, including, from the beginning of January, buying up old houses that are on the market so that we can encourage the housing market to move forward. I believe that we are taking the policy initiatives—*[Interruption.]* The Opposition may shout, but they have no policies.

Food Labelling

12.31 pm

Mr. Richard Bacon (South Norfolk) (Con): I beg to move,

That leave be given to bring in a Bill to make further provision for relevant information about food, including information about the country of origin, contents and standards of production of that food, to be made available to consumers by labelling, marking or in other ways; and for connected purposes.

The first occasion on which I sought the leave of the House to introduce a Bill to require clearer labelling of food was in 2004. I was certainly not the first Member to seek to introduce such legislation, and many Members throughout the House have supported the proposition that consumers should have clearer, more accurate and more honest information about the food that they buy than is currently required.

Since 2004, interest in local sourcing and local production of food has grown significantly. The issue of food miles has become more prominent in political discussion, and the importance to consumers of higher animal welfare standards has continued to increase. Only this morning, on the BBC Radio 4 programme "Farming Today", an egg farmer spoke of his continued shift towards free-range hens for egg production, because that was what consumers wanted.

Attempts to improve the law continue. My own Bill has support from Members on all sides of the House, and I note that next week my hon. Friend the Member for Warrington, South (Helen Southworth) will seek leave to introduce her own food labelling Bill, which I understand focuses mainly on nutrition and health issues. It will complement my Bill, which, as well as providing information about the content and production standards of food, will ensure that information about the country of origin of different foods is included in labelling.

Consumers should have the information that they need to make informed decisions about the food that they buy. A wide range of issues may rightly concern them when they make their purchasing decisions, including the nutritional and calorific value of food, the salt or fat content, the animal welfare standards according to which food is produced, and the country of origin. Any food labelling regime must seek to address those various concerns. It is important that all food producers adhere to the same high standards applied to food labelling, and the best way in which to achieve that is through a statutory framework.

The Food Labelling Regulations 1996 require food to be marked or labelled with information such as the name of the food, a list of its ingredients, the amount of an ingredient that is named or associated with the food, an appropriate durability indication, any special storage conditions, the name of the business and manufacturer, and in certain cases, the place of origin, as well as the process used in the manufacture and instructions for use.

In July this year, the Food Standards Agency updated its guidance on the use of marketing terms such as "fresh", "pure" and "natural", but there was nothing new on country of origin labelling, although the guidance continues to draw attention to regulation 5 of the 1996 regulations, which requires

"particulars of the place of origin or provenance of the food if failure to give such particulars might mislead a purchaser to a material degree as to the true origin or provenance of the food."

Currently, country of origin labelling must comply with the Food Safety Act 1990 and the Trade Descriptions Act 1968, which make it an offence to label any food in a way that falsely describes it or which is likely to mislead as to its nature, substance or quality. However, neither Act defines how much British involvement is required before produce can be sold as British.

The specific expression "country of origin" is not defined in the 1996 regulations or in the food labelling directive 2000/13/EC. However, the approach taken in section 36 of the Trade Descriptions Act is that, for the purposes of the Act, goods are deemed to have been manufactured or produced in the country where they last underwent a treatment or process resulting in a substantial change. This is likely to include the manufacture of bacon or ham, for example. However, at present, consumers are being misled. Pork that has been imported from Denmark and then packaged in the UK may be called "Product of Britain".

The problem can apply to other food products, too. Butter churned in England using milk imported from Belgium should not, supposedly, be labelled "English", but it can lawfully be described as "produced in England from milk". Norwegian salmon that has been smoked in Scotland should not, supposedly, be called "Scottish", but it can lawfully be described as "salmon smoked in Scotland". Slaughtering in this country would count, so that "British lamb" could mean imported lambs slaughtered and packaged in the UK. Products can be labelled as "produced in the UK" when all the ingredients come from outside the country. There is concern that some companies have taken advantage of these slack regulations, and label their products with the Union Jack accompanied by slogans such as "traditional British food" or "great British recipe" when, in fact, they are not produced in this country.

There is, obviously, a duty on consumers to read the labels in the first place, but there is also a need to prevent labels, presentation and other information from being misleading about the product. Country of origin is an area where there is particular potential for consumers to be misled. Clear mandatory country of origin labelling would significantly reduce the risk that consumers making a food purchasing decision would be misled, or in practice be unable to use their consumer power to support domestic producers if that is what they wish to do.

Country of origin labelling already exists for beef, and I believe it should be extended to cover other fresh meat. There are more complex issues in the labelling of processed meat and dairy products, where the sourcing frequently varies. I acknowledge that these issues would need to be considered carefully in Committee. Modern labelling technology has improved considerably in recent years, and I am persuaded that it would now be easier for processed food manufacturers to comply with country of origin labelling requirements than it was in the past, but I acknowledge that processed food does present greater difficulties in labelling than fresh meat.

This morning, I was pleased to attend the David Black memorial award breakfast in the House of Lords, celebrating the achievements of the British pig industry despite very difficult conditions in recent years, and

[Mr. Richard Bacon]

particularly to honour the contribution to the industry of this year's award winner, Ian Campbell MBE. I was also pleased to receive a copy of a film entitled "An Inconvenient Trough", made by a group of pig farmers and launched this morning. It is an excellent follow-up to the campaign "Stand by Your Ham", which last summer featured Winnie the pig in a stall opposite Downing street, where she drew thousands of visitors, including many Members. This film draws attention to the conditions facing pig farmers, notably that 70 per cent. of the imports of pork and pork products into the United Kingdom are produced to animal welfare standards that would be unlawful in this country. It is in that context that we must look at country of origin labelling. I must emphasise that this is not in order to prevent consumers buying products from where they wish, but, rather, to ensure that they are making informed decisions and that they cannot be misled.

Government can also do more. The pig industry has produced its own quality standard mark for pork, and for other pork products such as bacon and ham. The mark shows that the meat has been produced to higher animal welfare standards, yet 76 per cent. of bacon and 39 per cent. of pork served in Whitehall Departments is produced to the lower EU standards, not the higher standards of the quality standard mark.

I make no secret of the fact that I wish all consumers would buy British meat all the time, but achieving that is a matter for consumers and is not the purpose of my Bill. I just want to see a fair deal for British farmers. I want to ensure that they are given the chance to compete fairly with overseas products, that the lower animal welfare standards often applied to imported production are clearly marked for consumers as well as the higher standards of domestic production, that farmers are able to engage the consumer in supporting the high standards of food safety, animal welfare and environmental care that lie at the heart of British farming and that they cannot be undermined by misleading labelling of competing products. A vital part of facilitating that shift in priorities will be to ensure that this country has far more rigorous and transparent food labelling. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Richard Bacon, Keith Hill, Mr. Keith Simpson, Andrew Mackinlay, Mr. David Heath, Mr. Stephen O'Brien, Mr. David Ruffley, Angus Robertson, Mr. Roger Williams and Sir Nicholas Winterton.

FOOD LABELLING

Mr. Richard Bacon accordingly presented a Bill to make further provision for relevant information about food, including information about the country of origin, contents and standards of production of that food, to be made available to consumers by labelling, marking or in other ways; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 7 November, and to be printed [Bill 157].

Opposition Day

[11TH ALLOTTED DAY—SECOND PART]

Olympic Legacy

[Relevant documents: The Sixth Report from the Culture, Media and Sport Committee, Session 2007-08, HC 104-I, London 2012 Games: the next lap, the Government response, Cm 7437, and the uncorrected transcript of evidence taken before the Committee on 7th October 2008, HC 1071-i, on London 2012 Games: Lessons from Beijing.]

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

12.42 pm

Mr. Jeremy Hunt (South-West Surrey) (Con): I beg to move,

That this House congratulates the British team on its superb results in Beijing, which should provide an excellent platform for its performance in London 2012; notes with concern however the Culture, Media and Sport Select Committee Report of 23rd April 2008, which highlighted the inadequate preparations for an Olympic sporting legacy from London 2012; is disappointed with the Government's legacy action plan which is largely a restatement of existing commitments; notes that the London Olympic Games will be the biggest sporting event in the history of the UK; and calls upon the Government to ensure that the UK lives up to the promise made in July 2005 in Singapore that the London 2012 Olympic Games will be used to leave a lasting sporting legacy.

The Opposition have been unstinting in our support for London 2012. My right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), when he was leader of the Conservative party, gave his personal assurance at the time of the bid that London 2012 would have the full support of a future Conservative Government. My hon. Friend the Member for Faversham and Mid-Kent (Hugh Robertson), the shadow Olympics and Sports Minister, was in Singapore for the bid, stressing and underlining the cross-party nature of the support for the project.

The Government may say today that by initiating this Opposition day debate on the Olympic legacy, we are somehow breaking the Olympic consensus: nothing could be further from the truth. It is because we are passionately determined to ensure that London 2012 is a huge success that we have a duty to speak up when we think that things are going wrong.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): May I bring to the hon. Gentleman's attention some of the points that we heard earlier in Prime Minister's Question Time? There was, frankly, very little support for borrowing. Would he concede that the Olympic programme is founded on a massive construction project, and that unless we make commitments of the kind that this Government have made to the construction companies, we will go belly-up and we will not have any Olympics full stop?

Mr. Hunt: I agree completely with the hon. Lady that those construction projects need to go ahead, and within budget. The Opposition have totally supported the fact that some changes inevitably need to be made in a situation such as the financial crisis that we currently face, and I shall talk about those changes in a few minutes. My point is that when something goes wrong

in a project of this scale, it is important to speak up. We did that over the appalling budget miscalculations that meant that the budget for the Olympics had to be virtually tripled, leading to hugely damaging effects on the national lottery good causes. We are speaking up now over the Olympic legacy, which is not only one of the most important elements of the 2012 project, but one of those most in danger of not being delivered.

Our concern is not primarily about the economic legacy, and our motion is not about that. We recognise that the project will bring huge and vitally needed regeneration to five of the poorest boroughs in London, although there are concerns about the possible reduction in the number of houses being built and the threats hanging over the money being invested in upgrading the North London line. Our motion is about the sporting legacy, which divides into two distinct areas. The first is the so-called hard legacy, which is the one that will be left behind by the venues built for the Olympics. The second is the soft legacy, which is the increase in sporting participation that should happen in not only the Olympic sports—that increase is welcome—but all sports. That will provide a challenge, because, as the Government's own report acknowledges, participation in sport has decreased in a number of the host cities after they have held the Olympics.

Ensuring that the reverse happens is a challenge that we must meet, because these Olympics will cost every household—every family—in the country £500. They will cost the equivalent of £7 million every day from today until the opening ceremony, and that cost is being borne by taxpayers throughout the country. Thus, it is only right, proper and fair that the benefits should also be felt throughout the country. With a sporting legacy, the 2012 games can be a huge success; without it, they will be a gross betrayal of the promises made by Britain both to the world and to its own people.

The Government legacy action plan says that

"it is right that there is no separately costed London 2012 Games legacy plan."

Of course legacy projects need to be integrated into the main projects, but the danger of not having a separately costed plan is that when the going gets tough, they are the bit that gets cut. We are concerned about signs that that is exactly what is beginning to happen. At the time of the bid, huge play was made of the fact that the facilities constructed for volleyball, basketball and water polo would be temporary and relocatable, so that after the Olympics they could be taken down and moved to another part of the country, which could then benefit from the Olympic legacy. That will not happen in respect of volleyball, which will take place at Earls Court, or fencing, which will take place at the ExCeL centre, and there are signs that Sport England is backtracking in respect of some of the other sports.

That has led the Select Committee on Culture, Media and Sport to say the following on page 37 of its sixth report of Session 2007-08:

"We are concerned at signs of a creeping reduction in relocatable venues. Every decision not to construct a temporary relocatable venue reduces the scope for the nations and regions to share in the...legacy".

There was also huge concern when the shooting was moved from Bisley to the Royal Artillery barracks at Woolwich, where what will be constructed will be entirely temporary, leaving no legacy at all. The Select Committee report stated that it is

"highly regrettable that the site chosen for shooting events is not one which commands the support of any of the constituent bodies of British Shooting, and we believe that more should have been done to explore alternative sites".

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): The hon. Gentleman has referred to the site for the shooting in Woolwich, in my constituency. Will he please tell the House whether his party is in favour of moving shooting to another location and, if so, to which one?

Mr. Hunt: My party is in favour of exactly what the Select Committee says: that, wherever possible, we should ensure that there is a permanent legacy. The current plans for shooting do not allow any legacy to be created, and we think it highly regrettable that more research was not done into making possible some kind of legacy for shooting from the Olympics.

May I ask the Secretary of State about design? When venues are being built, it is important that the potential legacy tenants—the people who will use the venues after the Olympics have finished—have some input into the design. Can he explain why design decisions have been taken before legacy tenants have been confirmed? That makes legacy use more expensive and less attractive to potential tenants. I compare that with what happened during the 2002 Commonwealth games in Manchester, when Manchester city was confirmed as a legacy tenant right from the outset, which meant that there could be a smooth transition and that a legacy could be assured.

This June, the Government finally published their legacy action plan—three years after winning the bid and following two warnings from the Select Committee that they needed to get a move on. If the plan had been even barely adequate, however, we would not be having this debate. However, the fact is that it contains simply a series of re-announcements and only one new idea. The Government re-announced the promise of five hours of sport per week. That is fine as an aspiration, but when unpicked it works out at £15 per school per week to increase the amount of sport from two to five hours a week for every pupil. They also re-announced the target of making 2 million people more active, which dates from March 2007, as well as the medals target, which dates back to the 2006 Budget. They also re-announced decisions in a Department for Transport plan to boost cycling and a Department of Health plan to encourage healthy eating by babies. We should not plan the 2012 legacy by cobbling together every single programme with vague links to sport and the Olympics. This is not about looking at what we are already doing, but about what we could do.

One new idea has been proposed: free swimming for under-16s and over-60s. Of course we welcome anything that encourages swimming, especially because it comes top of the list of sports that people say they would be interested in taking up. However, local councils say that not nearly enough money has been put aside to finance the plan. I would like to mention a matter that I brought to the Secretary of State's attention during the last Culture, Media and Sport questions. He received a letter from the Labour leader of Stevenage council—in the Minister of State's constituency—telling him that the average cost for a district council of implementing the scheme for the over-60s alone would represent a 2 per cent. increase in council tax. Is this really the

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time—when families up and down the country are struggling—for the Department to fund its schemes by bludgeoning its councils into back-door rises in council tax?

Lyn Brown (West Ham) (Lab): I introduced free swimming to the London borough of Newham when I was head of its culture department. We found that it did not increase our overheads or costs, because it brought in people who had not swum there previously. It also had the knock-on effect of advertising and promoting the other services available in the leisure centre that otherwise would not have been seen by that client group. Furthermore, those people spent additional money on food, drink and other services available in the centre, which subsidised some of the fixed overheads of the swimming pool.

Mr. Hunt: In that case, will the hon. Lady speak to the Labour leader of Stevenage council, who has a very different view about the cost of the scheme? Will she also condemn the decision announced by Newham council on 14 October to cancel its plans for a leisure pool as part of the Olympic legacy, which will come as a huge disappointment to its residents?

Information that we have just received about the under-16s part of the scheme identifies the fact that the funding that the Government have put on the table accounts for less than half of the scheme's total likely cost. The Secretary of State calls it a challenge fund—the only challenge is for councils to decide whether to cut services or raise council tax to fund it. That is an example of the Government over-promising and under-delivering at its worst. Even Labour councils are up in arms over what is happening.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I chaired the recent county sports partnership meeting in Leicestershire. We have asked all our local authorities to work together to ensure that we put together a Leicestershire-wide bid, rather than individual ones. The figures that came back varied enormously and had no basis—literally, they were almost made up. I fear that, in some circumstances, the hon. Gentleman's figures come from people just flying a little kite. Will he join me in expecting much more detailed work from local authorities, rather than the usual scare story that local authorities need more money?

Mr. Hunt: I welcome the hon. Gentleman's involvement in county sports partnerships, which are extremely positive initiatives. I got my information from a freedom of information request. We received responses from hundreds of councils about the expected costs.

The Secretary of State for Culture, Media and Sport (Andy Burnham): The hon. Gentleman has again displayed a fundamental misunderstanding of what we seek to achieve through the free swimming scheme. As my hon. Friend the Member for West Ham (Lyn Brown) said, it began in local government. Councils were doing this themselves using funds at a local level, from primary care trust and council funds. We have put in place a national fund to help an initiative that began in local government. The logic of the system now in place for local government means that councils can set their own priorities. Eighty councils have selected the sports participation indicator as a priority. This is entirely in keeping with the system of priority setting in local government, at local level. The hon. Gentleman seems repeatedly to fail to understand that point.

Mr. Hunt: If it was a partnership with local councils, why was it spun to the media when the announcement was made as a promise that the Government would deliver free swimming for the over-60s and under-16s? That was the message in all the headlines.

The best comment on the Government's legacy action plan came from Tim Lamb, the chief executive of the Central Council of Physical Recreation. In a statement issued this morning he said that, apart from the swimming proposals,

"The rest of the proposals"—

in the legacy action plan—

"are little more than existing plans which have been re-badged...there has been a real poverty of ambition about the Government's thinking."

Mr. Don Foster (Bath) (LD): Before the hon. Gentleman leaves his point about swimming, does he agree that although we would all support opportunities, if properly funded, to get those who can swim to do more of it, the plan seems to have forgotten about getting more people to learn to swim? Would not the money have been better targeted at more swimming teachers and ensuring that swimming pools are available at times when pupils can learn to swim, rather than filling them up with those who can swim already outside those times?

Mr. Hunt: The hon. Gentleman makes an important point. I do not think that any of the schemes can work in isolation. The coaching and teaching is very important. I completely accept that making something free can excite public interest. We do not criticise the principle of local councils deciding that they want to boost swimming participation by making it free; we criticise the fact that it was announced as a big Government initiative to make it free for the over-60s and under-16s, when in fact that tab is being picked up through the back door by council tax payers.

Mr. Andrew Pelling (Croydon, Central) (Ind): Is not the fundamental point that this is a cobbling together of initiatives that would have existed already, at a national level? Only London government under the Conservative administration has recognised that if the legacy issues are not dealt with, we risk losing support for the whole Olympic project in London, particularly in south London where my constituents are becoming strongly opposed to the Olympics because there is no prospect of a legacy. For example, places such as Crystal Palace are not being invested in at all.

Mr. Hunt: My hon. Friend makes an important point. One of the first things that the new Mayor of London did was to set up a legacy board of advisers and ring-fence money from the London Development Agency to be used for creating an Olympic legacy, boosting participation in sports and increasing money for coaching. The Conservatives are interested in action, not words.

Mr. Lee Scott (Ilford, North) (Con): Although encouraging people to swim is vital, a swimming pool in my neighbouring constituency of Ilford, South has just closed down for health and safety reasons. Does my hon. Friend agree that it might be beneficial for the Government to help replace that swimming pool to ensure a true legacy? It could also be used as an Olympic training facility.

Mr. Hunt: I am grateful to my hon. Friend for making that point. People have also been concerned about the cloud of misinformation about the number of swimming pools open. The Government have released figures that included swimming pools at private clubs among those considered open to the public.

Sir Patrick Cormack (South Staffordshire) (Con): I understand completely why my hon. Friend emphasises swimming and the sporting legacy, but he will know from his other responsibilities that many people are fearful that one of the legacies of the Olympic games, because of the diversion of resources, will be leaking cathedrals, crumbling churches and other cultural assets being put at risk. Will he briefly address that point?

Mr. Hunt: I am grateful to my hon. Friend for drawing the House's attention to an extremely important consequence of the appalling budget miscalculations that the Government made with regard to the Olympics, which meant that they had to dip into national lottery funds, with an appalling cost to lottery good causes. I agree with him. We do not want this to be a legacy just for the Olympics, and that is why the Opposition have a proposal to return the lottery to its original four pillars, which will restore that much-needed money to the arts, heritage and charities sectors, which are also extremely important when it comes to the overall legacy of 2012.

Sir Nicholas Winterton (Macclesfield) (Con): Can we concentrate on the positive? I had a lot to do with the 2002 Commonwealth games in Manchester. One of the outstanding successes in the legacy of those games was the velodrome in Manchester. I believe that the recent success of our cyclists in the Olympic games in Beijing was based on that legacy. I have two constituents who between them won five gold medals for cycling in the Paralympics. To my mind, the example set in the Olympic games can produce that legacy. Surely the Government should concentrate on allowing people to use the facilities that will be built in order to stage a grand and successful Olympics. Is that not the way to proceed, rather than expressing the negative attitudes that are coming from both sides of the House about what the Olympics in 2012 can achieve for the UK?

Mr. Hunt: My hon. Friend makes a very important point. I entirely agree with him. The example set by people such as Bradley Wiggins, Chris Hoy and Rebecca Romero is very inspiring. I believe that since those successes, the sales of bicycles have doubled. My hon. Friend will also be interested to know that 73 per cent. of the funding for our top cyclists came not from the Government but from the national lottery. That is why the national lottery plays such an important role.

Philip Davies (Shipley) (Con): My hon. Friend has been very kind about the Select Committee, which, as I am sure he will agree, is ably chaired by my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale). Does my hon. Friend the Member for South-West Surrey (Mr. Hunt) agree that it is not just crumbling churches that have suffered as a result of the lack of control over the Olympic budget? Grass-roots sporting organisations are having their funding taken away from them. The sporting legacy will not be delivered by the people watching the Olympics on TV, as most people will do. It can be delivered only by organisations such as those in my constituency—if they continue to receive lottery support for grass-roots sport, so that kids get involved in the first place.

Mr. Hunt: My hon. Friend is absolutely right. Since the Government came into power, 80 per cent. of the funding for grass-roots sport has come not from the Government but from the lottery. Ministers' consistent raids on lottery funds for their pet projects have meant that the amount of lottery money going into grass-roots sports has declined from £397 million in 1997 to £209 million. It has nearly halved, so my hon. Friend is absolutely right.

Let me draw my hon. Friend's attention to another responsibility of the Select Committee, which is tourism. There is virtually nothing in the report about the tourism legacy. It is true that the Government have never prioritised tourism, and it is worth reminding the Secretary of State that it is an £85 billion industry that employs 2 million people.

Last year, we were promised a four-year marketing campaign that would welcome the world to Britain. What has happened? The VisitBritain budget has been cut by 18 per cent. over the next three years, and our tourism market share, which has gone down by 10 per cent. since the Government came to power, continues to decline. We are missing a golden opportunity to set the tourism industry right and to allow it to embrace the huge opportunity offered by the fact that the eyes of the world will be focused on this country and this city in 2012.

Jeremy Wright (Rugby and Kenilworth) (Con): Does my hon. Friend agree that it is even more important that we have a good legacy for tourism? Those whom I represent in my part of Warwickshire are unlikely to receive a direct legacy from the sporting events and are unlikely to see a significant increase in grass-roots sports. They might see an increase in tourism from those who come to London and are then persuaded to leave London, and to visit the rest of the country. If they do not see that legacy, it will be harder to persuade them to get fully behind the Olympic ideal, as we would all wish them to do.

Mr. Hunt: My hon. Friend is absolutely right. Of course the challenge of the Olympics, as far as tourism is concerned, is that in the year of the Olympics it is not necessarily the case that more visitors come to the country. Sometimes, people are put off because they think that everyone else is coming, and it will be difficult to get flights and hotels. In fact, in Beijing this year hotel bookings were significantly down compared with last year because of the Beijing Olympics. My hon. Friend is right, and that is why we have to ensure that we identify the opportunities offered to showcase the whole of Britain to the world, grasp the bull by the horns and do something to take advantage of this once-in-a-lifetime opportunity. That is not happening.

Mr. Philip Dunne (Ludlow) (Con): Since my hon. Friend mentions the once-in-a-lifetime opportunity, I am sure that in his wide-ranging and impressive speech he will be planning to cover the cultural legacy, which is an important feature of the Government's proposals. They are short of ideas. Does he agree that an outstanding idea from the Opposition, which I hope the Government will take away, would be to recognise the important contribution that this country has made to the Olympics by choosing a suitable site in the Olympic park to recognise the contribution of Dr. William Penny Brookes and the Wenlock Olympian Society to the origins of the modern Olympics?

Mr. Hunt: I thank my hon. Friend for that important contribution, and agree entirely that we need to do more to recognise the Wenlock Olympian Society. The cultural Olympiad must be an important part of what London offers the world in 2012.

Let me return to what my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) said about the way in which the performance of our top athletes can inspire people to take up sports. It is not just sales of cycles that have doubled. Sales of swimwear at Tesco have doubled since the success of Rebecca Adlington. Athletes need financial support, so will the Secretary of State explain why his Department has virtually broken the promise made in 2006 to raise £100 million from commercial sources to support our top athletes? Is it not the case that when the Government made that commitment they totally failed to understand what they could and could not raise from sponsorship? Is it not also the case that they failed to do anything for two years when economic conditions were much more favourable, and that now that the economic tide has turned there is a risk that that money will not materialise?

How different the Government's approach is from that of the London Organising Committee of the Olympic Games and Paralympic Games, which is organising the games and last week signed up Cadbury as a tier 2 sponsor. The committee has to raise a lot more money, but it has already managed to raise two thirds of the money that it needs, four years ahead of schedule. Paul Deighton, the chief executive of LOCOG, said:

"If ever a strategy of going early was borne out it's now."

The Government, who had to raise only £100 million, sat on their hands. Three Culture Secretaries later, not a penny has been raised. Once again, they failed to fix the roof when the sun was shining.

The Secretary of State knows the power of British sporting performance in inspiring grass-roots participation.

Mrs. Curtis-Thomas: The hon. Gentleman is being extremely generous in giving way. I have listened patiently to him and I am afraid that his argument is a long way away from my understanding of the impact of the Olympics. I represent a constituency 200 miles away, near Liverpool, yet our local authority has applied for funding for the Olympics, and has received it. Our health authority is introducing a huge number of initiatives on the back of the Olympics programme. We are feeling the benefit, and we are miles away. We feel really excited about the programme. We do not get any of the big buildings, but we have seen the development of community centres, swimming pools and an integrated health plan to support health. I wanted the hon. Gentleman to know that, because it is my experience, and I would guess that it is not unique.

Mr. Hunt: I want the Olympics to inspire every schoolchild in every school in Crosby. That is a vital part of our Olympic legacy. That is why we are having this debate. We are concerned that what the Government have published does not amount to anything substantive. It is because we are concerned that there will not be a substantive legacy for the schoolchildren in her constituency that we are having this debate.

Let me tell the Secretary of State that the failure to understand the critical role of the national lottery is an essential factor in why it has been so difficult to secure an Olympic legacy. This January, the Government were forced to raid another £675 million from lottery money for good causes. That was described as a "cut too far"—not by us, but by Derek Mapp, the chairman of Sport England. He was promptly sacked, presumably for what he said, and that created turmoil in the very organisation charged with boosting mass participation in sport.

The Government's amendment asks us to welcome the "reform" of Sport England, but will the Secretary of State confirm that no successor to Derek Mapp will be appointed until well into the new year? If so, that would mean that that critical organisation will be without a leader at one of the most important times in its history.

Andy Burnham: The hon. Gentleman began by saying that he would not break any cross-party consensus on the Olympics, but he has gone on to make a series of what I would call nit-picking points. Can he say, at that Dispatch Box, what he would have done differently on funding the Olympics?

Mr. Hunt: Yes, I can. We would have returned the lottery to its original four pillars, which would have meant much more money going into legacy. We supported the Olympic budget, but this debate is about the Olympic legacy. One way that we could secure much more money to create a sporting legacy is to return the lottery to its original four pillars.

Pete Wishart (Perth and North Perthshire) (SNP): In Scotland, we are set to lose up to £200 million of lottery spending, and that will have an impact on good causes and grass-roots sports in every constituency. We are preparing for the Commonwealth Games in 2014, so does the hon. Gentleman think that there is a case for us getting back some or all of that money to pay for our legacy in Glasgow?

Mr. Hunt: I think that creating support for a sporting legacy is as important for the Commonwealth games as it is for the Olympics. Returning the lottery to its original four pillars could create an extra £400 million for grass-roots sport in the decade following 2012. That would mean that more money would go into sport in Scotland, Wales and every corner of the country.

Mr. John Redwood (Wokingham) (Con): Does my hon. Friend agree that one problem with how the budget is being implemented is that the Government are spending

far too much on consulting, advising, mentoring, watching and auditing, and not enough on just delivering the facilities?

Mr. Hunt: My right hon. Friend makes a telling point, as I would expect. It is true that the amount of money spent purely on consultancy is huge—at more than £400 million, it has raised a lot of eyebrows. Many question marks have been raised about the amount spent on consultants for the Olympics project, and for many other projects that the Government have set up.

The construction of venues is the responsibility of the Olympic Delivery Authority, and that is on track. The organisation of the games is the responsibility of the London Organising Committee of the Olympic Games, and that too is on track. The legacy of the games is the Government's responsibility: it is a critical area, yet the Government are failing to deliver. One reason for that is that the legacy responsibility has fallen between the cracks, having been divided between the Department for Culture, Media and Sport, the Government Olympic Executive and the Minister for the Olympics.

It could be so different. We could start by returning the lottery to its four pillars, and we could have credible, achievable objectives for every child in every school in the country.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I am listening to the hon. Gentleman very carefully, and I paid special attention to his answer to my hon. Friend the Member for Perth and North Perthshire (Pete Wishart). Is he saying that he would like Scotland's lottery money to be returned to Scotland, especially given that Scotland is building for the Commonwealth games and hoping to create its own legacy from them? Would he go further and increase funding for Scotland from other parts of the lottery, as is happening with London in respect of the Olympics?

Mr. Hunt: The point about the national lottery is that it is played throughout the country, so its benefits need to be felt throughout the country. The Government have had to raid good causes because of their miscalculations over the Olympics, and that has meant that the lottery is not operating as it should. We want to return it to its original four pillars so that lottery players in Scotland can benefit from their contributions, just as lottery players throughout the country do.

Andy Burnham: The hon. Gentleman has just used a phrase that is incorrect. I heard him say that we should return the lottery to its "original four pillars", but the previous Conservative Government created it with five pillars, one of which was the millennium fund. Has he forgotten that?

Mr. Hunt: No, but the Culture Secretary may not have noticed that we are a long way past 2000 now. As a result, it is possible to wind up the Millennium Commission. I am not sure that many people in this House would say that how the commission spent its money was an especially good example of how lottery funding can be spent. Both sides of the House bear responsibility for what happened with the dome.

I shall conclude by saying that we need vision. Where is the plan to send Olympians and Paralympians to every school in the country to fire up children with the Olympic vision? Where is the curriculum material that will mean that the Olympics can be integrated into what children are taught? We had such material for the Commonwealth games in Manchester, but there is no sign of it for 2012.

Where is the plan to link sports clubs better to their local schools, so that we can reduce the current high drop-off rates when people leave school and stop playing sport? Most importantly, where is the imagination and determination to make sure that we get a legacy in the constrained and difficult financial circumstances in which we find ourselves?

When the Olympics have gone, we are unlikely to see them back in this country in our lifetime. Therefore, let us use them to inspire a lifetime of sport and sporting values, because we have only one chance.

1.15 pm

The Secretary of State for Culture, Media and Sport (Andy Burnham): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof :

"applauds the British Olympic and Paralympic teams for their superb performance in Beijing which should provide an excellent platform for their performance in London 2012; recognises that the increase in public funding for elite programmes has helped contribute to this success; notes that a decade of sustained investment at every level of sport–school, community and elite–has laid the strongest possible foundations for this Olympic period; welcomes the recent School Sport Survey which shows that 90 per cent. of children are doing two hours of sport a week; further welcomes the reform of Sport England that will build a world-class sport development system; and endorses the Government's Legacy Action Plan, including measures that will make a reality of the promise made in Singapore in 2005 to make two million people more active by 2012."

It is not something that I do often, but I shall begin by paying tribute to the hon. Member for South-West Surrey (Mr. Hunt) for calling this debate. Sport matters greatly to millions of people in this country, yet the occasions when their national Parliament focuses on it and debates it in detail are rare indeed.

Bob Spink (Castle Point) (UKIP): The Secretary of State paid tribute to the hon. Member for South-West Surrey (Mr. Hunt) for calling this debate, but does he nevertheless feel that this is a missed opportunity? We are playing politics with this important subject rather than working together to build a positive legacy for people. An example of what I mean is the proposal to build a bike track at Hadleigh in my constituency. Does the right hon. Gentleman agree that we should work together to build a legacy based on the wonderful achievements of our Olympians and Paralympians, and on the great achievements made by men and women in sport across our country?

Andy Burnham: I am glad that the full parliamentary strength of the UK Independence party is behind the Government's efforts to build a successful Olympics. Like the hon. Gentleman, I picked up a churlish note in the speech by the shadow Culture Secretary. That was

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disappointing, because although I congratulated him on calling this debate, I was not encouraged by the tone of his remarks.

I was about to say that the next four years present us all, as Olympic hosts, with a unique opportunity. Indeed, it is a one-off opportunity as we will not again in our lifetimes get this chance to change permanently the place of sport in our society.

Mr. Andy Reed: I agree that today should be an opportunity to try to rebuild a consensus about the Olympics. I shall come to my criticisms of the legacy plan later, but I wanted to intervene on the hon. Member for South-West Surrey (Mr. Hunt) towards the end of his speech, as I was waiting for the bit when he would announce the Opposition's plans. Does my right hon. Friend agree that the hon. Gentleman's speech was heavy on analysis but very light on policy specifics?

Andy Burnham: That is a perfect summary. The hon. Gentleman's speech was a series of nit-picking points about the Government's proposals, but not once did we hear a substantive suggestion about what the Conservative party would do differently to alter the place of sport in this country.

Alistair Burt (North-East Bedfordshire) (Con): The right hon. Gentleman and I have played football together a number of times in a very consensual manner for the parliamentary team, so perhaps I can start my intervention from that base. Does he accept—

Bob Spink: What about policy, Alistair?

Alistair Burt: Does the Culture Secretary accept that, because of the decline in spending on sport after the raids on the lottery, it is the role of my hon. Friend the Member for South-West Surrey (Mr. Hunt)—

Bob Spink: You can do better than that, Alistair!

Alistair Burt: My hon. Friend the Member for South-West Surrey is absolutely right to point out that spending decline to the right hon. Gentleman, as we must make sure that the legacy is good and proper.

Bob Spink: Come on, Alistair, what about a bit of policy?

Alistair Burt: What will happen over the next few years—

Mr. Deputy Speaker (Sir Michael Lord): Order. We must not have continued interventions from the Back Bench—

Bob Spink: Tell him.

Mr. Deputy Speaker: Order.

Andy Burnham: I fear I agree with the sedentary interventions, Mr. Deputy Speaker. We are funding an Olympic games that will be the biggest boost that sport in the UK has ever received. The Olympics will lift sport to a place in our national life that it has never occupied before.

The shadow Culture Secretary's remarks were light on analysis. When the available lottery pot for Sport England is combined with the extra Exchequer investment available to Sport England in the current spending review period, Sport England will be operating with an increased budget for school and community sport during that period, rather than a diminished one.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend and I have a keen interest in one of the best sports in the world—rugby league. How will he ensure that rugby league benefits from the legacy and how will he ensure that Sport England takes seriously the importance of rugby league and moves away from the sports it always seems to support?

Andy Burnham: I pay tribute to my hon. Friend who makes the case for rugby league, which is a sport important to his constituency and mine. I am sure that he will join me in wishing the England rugby league team success. We congratulate them on their winning start in the rugby league world cup at the weekend. We will see a benefit for rugby league. Under the leadership of Richard Lewis, the sport has made great strides recently in investing in its club structure. I am lucky that Leigh Centurions and Leigh Miners rugby clubs are two of the strongest amateur clubs in the country. Rugby league is agreeing a whole-sport plan with Sport England, which will give the league the wherewithal to develop the sport during the Olympic period, as others wish to do.

Several hon. Members *rose—*

Andy Burnham: I shall give way to the shadow Culture Secretary and to the hon. Member for Shipley (Philip Davies) but then I want to make progress.

Mr. Hunt: The Culture Secretary has just said that total funding for grass-roots sports has increased, so can he explain why answers supplied by his Department to my parliamentary questions show that the amount of money going to sport from the lottery and from grant in aid is £135 million less than when his Government came to power?

Andy Burnham: I will supply the hon. Gentleman with the exact figures for the total spending over the three-year period, comparing the last spending review with the current one. He mentioned grant in aid, but I think he may have missed out the extra money given to school sport to fund the five-hour offer in schools. Much of that money will go into developing sport in the further education sector and school-club links. I will clarify the figures because it is an important point, but I am confident of my statistics.

Philip Davies: We have heard how people were inspired by watching British Olympic success in Beijing. They watched those games on television and the vast majority of people in the UK will watch the London 2012 games on television, so can the Secretary of State explain why there will be such a big increase in sporting legacy after a London Olympics compared to the Beijing games? The only difference is that organisations such as the lottery will have less money to distribute to sport.

Andy Burnham: I know that the hon. Gentleman is not fabled for his imagination, but he should try to think of the possibility of an Olympic team training on his doorstep, at a local training camp. Can he not imagine what that will do to inspire—*[Interruption.]* I

am sure that national teams will train in west Yorkshire. He should think about how positive that will be and not be so cynical. His constituents under the age of 25 will not be anywhere near as cynical as he is about the Olympic games.

Mr. Nick Hurd (Ruislip-Northwood) (Con) *rose—*

Andy Burnham: I will take one more intervention and then—

Sir Nicholas Winterton: Two?

Andy Burnham: And the hon. Gentleman, but then I must make progress.

Mr. Hurd: The Secretary of State talks rightly about increased investment in sport in schools, but the uncomfortable fact is that Britain has the highest post-school drop-out rate for participation in sport. We have heard about the cut in funding for grass-roots sports, so what are the Government doing to plug the gap between schools and the 125,000 sports clubs across the UK? Most of those clubs are voluntary organisations and we all know from our constituencies that they have great potential to keep our young people fit, active and engaged.

Andy Burnham: The hon. Gentleman raises an important point, which relates to a large part of the substance of what I want to say. My right hon. Friend the Minister for the Olympics has just reminded me that part of the funding package I was outlining to the hon. Member for South-West Surrey includes a guarantee of three hours of sport for 16 to 19-year-olds. It is an important aspect and I shall address it during my remarks, but I am glad that the hon. Member for Ruislip-Northwood (Mr. Hurd) raised it.

Mr. MacNeil: Will the Secretary of State give way?

Andy Burnham: I shall give way to the hon. Member for Macclesfield (Sir Nicholas Winterton) but then I shall have to make progress.

Sir Nicholas Winterton: I want to be positive because I view the 2012 games with huge optimism. We have referred to the Commonwealth games in 2002. May I ask the Secretary of State two questions? First, what conversations and discussions has he had with those who were involved in the Commonwealth games about the legacy of the games? In an earlier intervention, I mentioned the velodrome and my constituents, Sarah and Barney, who won five gold medals at the Paralympics. They did wonderfully well. Sarah won gold—

Mr. Deputy Speaker: Order. The hon. Gentleman will have to content himself with one question. Interventions are getting longer and longer and many people want to participate in the debate, so the Secretary of State should respond—

Sir Nicholas Winterton: The second question—

Mr. Deputy Speaker: Order.

Andy Burnham: I will take the question, Mr. Deputy Speaker, and then I will make progress.

The hon. Member for Macclesfield made an excellent point. Experience in Manchester directly informs how the London games are being brought forward, but the same cynical points that his Back-Bench colleague made about the Olympic games were made about Manchester. People said that we were building white elephant facilities that would have no legacy. The gold medals for cycling in Beijing were made in Manchester from the investment in the velodrome and all the associated infrastructure for British cycling. I agree entirely with the hon. Gentleman that it is important to get these things right, but he makes the point very well indeed. I speak regularly with Sir Howard Bernstein, Richard Leese and others who were pivotally involved in the decisions about the Manchester Commonwealth games. We got it right then and we will get it right in London 2012.

I hope that we can use today's debate to agree across the House that the Olympic period should be used to raise the place and prominence of sport in national life and debate, and that by doing so, we will make Britain a more active and world-leading sporting nation. It is precisely because of the scale of our ambition on that point, as my right hon. Friend the Minister for the Olympics has reminded us many times, that we were successful in Singapore in winning the games for Britain. Today, I shall update the House on our progress in delivering a permanent sporting legacy. However, although I shall focus on sport, it is important to remind the Olympic cynics that our legacy goes much wider—tourism, skills, culture and regeneration.

Mr. Redwood: Given that there is now a lot of unused capacity in building and construction, can we look forward to a fall in the advertised prices of facilities that are not yet under contract? That will relieve some of the pressure on the sporting legacy budget.

Andy Burnham: We can be assured that in the Olympic Delivery Authority we have a team of professionals who are managing the projects with skill and precision. They have already been commended for the tremendous progress they have made so far, and the right hon. Gentleman can be assured that they are taking every step necessary to secure the best value for the public money involved.

Mrs. Curtis-Thomas: Will my right hon. Friend give way?

Andy Burnham: In a moment. I want to make some progress and go through the four key elements in our Olympic sporting legacy.

First, our over-arching and ambitious goal is to have 2 million more people active by 2012. Secondly, every young person in England should have the opportunity to participate in five hours of sport in and out of school. Thirdly, we shall create a world-class community sport system and an improved club structure through a refocusing of Sport England and an enhanced role for our national governing bodies. Finally, we shall have an enhanced system for funding elite sport through the creation of a mixed economy of three funding streams—lottery, Exchequer and private sources. That will be the permanent legacy from our Olympic games. Taken together,

[Andy Burnham]

those measures represent a coherent sports policy with investment at every level. Success at elite level will drive more participation at the grass roots, and improved facilities and coaching at the grass roots will keep young people active in sport and expand our talent pool.

Mrs. Curtis-Thomas *rose—*

Pete Wishart *rose—*

Andy Burnham: I will give way, but then I really must make progress.

Mrs. Curtis-Thomas: I thank my right hon. Friend for giving way. He took an intervention from the right hon. Member for Wokingham (Mr. Redwood) about consultants, and I want to return to that point. Allegedly, £400 million has been spent on consultants, but does the Secretary of State not agree that we need to employ consultants to secure the very best contracts and the best value for people? Moreover, what is the point of securing a contract if one does not put in place a structure to monitor compliance with that contract? I happen to think that the spending was a good investment, and I hope that the Secretary of State does, too.

Andy Burnham: We should not be at all shy of saying that we will make use of the best expertise and professionals to ensure that we get the best possible value. These are complex projects: they need to be managed properly. At times, that will involve bringing in the best in the business to make sure that we get the best possible value. We should not be at all coy on that point.

Pete Wishart: I am grateful to the Secretary of State for giving way: he has been very generous with his time. He mentioned the lottery. In Scotland, we are set to lose £150 million for good causes involved in grass-roots sports at the very time we are trying to create a legacy from the Commonwealth games in Glasgow. Does he agree with all parties in the Scottish Parliament—and with the Secretary of State for Scotland, who agrees with this position—that the money should be returned, so that we can ensure a legacy from Glasgow 2014?

Andy Burnham: I assure the hon. Gentleman that I will continue to have incredibly close dialogue with my right hon. Friend the Secretary of State for Scotland to make sure that Glasgow 2014 is as successful as London 2012 and Manchester 2002. That is what we want. I give him a commitment that I will maintain that dialogue, but I must remind him that the Olympic games is a British project, for which Great Britain bid, and it will benefit all of Great Britain. Indeed, the football will take place in Scotland. Surprisingly, his party took advantage of the Beijing games to call for a Scottish Olympic team. I do not think that that was in line with the mood of the country at the time. It wants a British team to have a successful games in the capital city. However, we will make sure that the Commonwealth games in Glasgow are a success, too.

Tom Brake (Carshalton and Wallington) (LD): I want to draw the Secretary of State's attention to concerns that local authorities are expressing about their ability to brand programmes that they are already running. I understand that my local authority has just had it confirmed that it can use the term, "Team Sutton", but concerns remain about the fact that it cannot use the term "London 2012", which will mean that the programmes remain relatively low-profile.

Andy Burnham: Of course, we have to ensure that the money that we need to raise privately to fund the Olympics and the building of the Olympic infrastructure is not compromised, and that there is not an overcrowded field in which everybody seeks to use the association with the Olympics. Local authorities can be associated with the Olympics through the "Inspire" brand that my right hon. Friend the Minister for the Olympics has been so creative in bringing forward. I hope that that will give local authorities the marketing that they need.

Mr. MacNeil *rose—*

Harry Cohen (Leyton and Wanstead) (Lab) *rose—*

Andy Burnham: I must make progress, but I will give way later. Before we address the elements of the legacy, it is important to reflect on the changes and the progress that we have made in the past 10 years. I am sure that the whole House will join me in congratulating the British Olympic and Paralympic teams in Beijing on their tremendous success. Britain won an incredible 102 medals in the Paralympics and 47 in the Olympics; it was Britain's best medal haul in more than a century. Every single one of those medals was won by the hard work of athletes, with support from their coaches, who are often forgotten, and sacrifices from their families. Again, that is too often forgotten when we celebrate the achievements of our fine athletes.

Public funding helped, and it is important to remember that Olympic success is built not just on funding at elite level, but on a decade of investment at every level of sport—school, community and elite. That has not always been the case, and for all the lectures that we heard this afternoon from the Opposition, let us remind ourselves of where sport was back in 1996. At Atlanta in 1996, Britain won one gold medal and was 36th in the medals table. It was our worst Olympic performance ever. That was not just bad luck; it is what we get when we neglect and under-invest in this country's sporting infrastructure at every level over a long period. The hon. Member for Faversham and Mid-Kent (Hugh Robertson) shakes his head, but I saw first-hand—

Hugh Robertson (Faversham and Mid-Kent) (Con) *rose—*

Andy Burnham: I will not give way just now, because I am making an important point. *[Interruption.]* The hon. Gentleman needs to listen to this point. I saw it—*[Interruption.]*

Mr. Deputy Speaker: Order. We must not have interventions from a sedentary position. Interventions must be made in the proper way, otherwise the debate is totally disrupted.

Andy Burnham: Thank you, Mr. Deputy Speaker. I saw it with my own eyes: after-school competitive sport was simply allowed to crumble away, and it was not the

fault of loony left councils. Competitive sport has always been a bedrock of community life in areas such as St. Helens, where I went to school. That change was the result of failure to respond to one of the key elements of the teachers' dispute of the mid-1980s. We saw the collapse of an informal, ad hoc, voluntary system of providing after-school sport, and no alternative was put in its place, which deprived millions of children of a quality introduction to sport during their school years. *[Interruption.]* If the hon. Member for Faversham and Mid-Kent wants to dispute that record of events, he should stand up now and do so.

Hugh Robertson: I will. First, the Secretary of State just criticised us for making so-called party political points. Looking at the Olympic medal tables in the 1980s and early 1990s, we see that we came ninth, 11th, 12th and 13th in those years; he knows that perfectly well. He, of course, has picked the one year in the last 30-year cycle to suit his argument, which was a rather silly party political point. He also knows that it was overwhelmingly left-wing Labour councils that pursued an anti-competitive-sport agenda that did huge damage to the competitive sport system in this country.

Andy Burnham: I just do not accept that that is correct at all. If the hon. Gentleman looks back, he will see that the effect of the teachers' dispute was that after-school sport ended. I do not believe that that was the result of political ideology, as the Conservatives always claim. It was the effect of the teachers' dispute, and experts in the field will back me up on that. Not only were there fewer opportunities for young people to play sport, but there were fewer places where they could do so. Playing fields were sold off in their thousands. It was an era when this cou ıtry's sporting fabric, in schools and at community level, went into serious decline.

Mr. Hunt *rose—*

Andy Burnham: If the hon. Gentleman wants to dispute that record of events, I will give way to him.

Mr. Hunt: No record was taken of the number of playing fields sold before 2000, and since 2001 well over 50 playing fields have been sold every single year. In 1999, the Government abolished compulsory competitive sports for the over-14s. At the time, the Secretary of State was special adviser to the then Secretary of State. Was that the right decision or the wrong decision?

Andy Burnham: On the point about playing fields, tests were put in place by the new Government in 1997 to ensure that there was no net loss of sporting amenities. Every application since then has been checked by the Department for Children, Schools and Families, or by Sport England, to ensure that if a playing field was disposed of, the proceeds were reinvested so that the community was provided with equivalent or better sports provision. That is a much better system than the one that was left to us by the hon. Gentleman's party in 1996. Is he defending that record? I do not think that he is.

Sir Patrick Cormack: Mr. Deputy Speaker, it may introduce a note of harmony if I remind the Secretary of State and my hon. Friend the Member for South-West Surrey (Mr. Hunt) that you and I remember the 1948 Olympics. What we really want as the major sporting legacy of the 2012 Olympics is a love of sport for its own sake, without regard for filthy lucre. We want sportsmen and women who can inspire young people at school, as we and our fellows were inspired all those years ago. That is what we want.

Andy Burnham: I agree wholeheartedly. We need to encourage a sense of the simple joy of sport among young people. A quality introduction—coaching and competition—for all young people will encourage them to find a joy in sport for life.

Harry Cohen *ro*—

Mr. Paul Truswell (Pudsey) (Lab) *rose—*

Andy Burnham: I will give way to my hon. Friends in a moment.

We are providing just such an introduction. The steps taken to put school sport back on its feet have been mentioned; in the past decade, £4 billion has been invested in school, community and elite sport, and in the past five years more than £1.5 billion has gone to physical education and school sport alone. We are seeing the results.

Let us look at the headline statistics from the school sport survey, published just two weeks ago. Some 90 per cent. of pupils now participate in at least two hours a week of high-quality PE and sport; only a quarter of pupils did so in 2002. Competitive sport is on the increase. Some 66 per cent. of pupils are involved in intra-school competitive activities, which is up from 58 per cent. last year. Some 41 per cent. of pupils are involved in inter-school competition—up from 35 per cent. last year. On average, each school offers 17.5 sports —up from 14.5 in 2003-04.

To answer the previous point about school-club links, I should say that 32 per cent. of pupils participated in a local club linked to their school, up from 19 per cent. in 2004. Forget the exchanges that we have had—those are the facts. School sport is back on its feet, and I am incredibly proud of those statistics.

Mrs. Curtis-Thomas: Does my right hon. Friend agree that our paltry number of Olympic medals in the years that he has not mentioned today came on the back of investment in private facilities? Sport was then very unegalitarian, but this Government have extended opportunity to all. My school grounds are now safe for my children to play in; they have not been sold for development. In addition, my teachers are well paid as a result of the Government and they are prepared to do what the Conservative party denied them the opportunity to do when it was in government.

Andy Burnham: I agree entirely with that assessment. I should say in praise of John Major that he recognised the importance of sport and—belatedly—tried to put measures in place to benefit it. It is important that that should be recognised, and I do recognise it. The difficulty for Conservative Members is that that came right at the end of their 18 years in government and they did not leave sufficient time for any appreciable impact to be felt. John Major came with the right instincts and good ideas, but they were not made into reality. It was left to this Government to pick up the threads and turn the situation around. The statistics tell us that the situation in schools has been turned around.

Mr. Raynsford: I strongly endorse the approach that my right hon. Friend has taken in his speech, and the emphasis on the wide legacy impact and, in particular, the inspirational consequences of the Olympics for our children. I hope that this year he will be able to come to Woolwich, where in the past two years we have held sportathons on the site targeted for the Olympic shooting event; if he does, he will see the huge inspirational effect on children of knowing that the Olympics will be held in their area. Does that not make a mockery of the facile and incorrect Opposition claim that the shooting at Woolwich will have no legacy? Is that not an indication of the narrowness and foolishness of their approach?

Andy Burnham: I could not agree more with my right hon. Friend. I celebrate what has happened in his local authority area. One thing that I did not read out was that 99 per cent. of schools now have annual sports days, which bring inspiration and a joy in sport to all the young people who participate.

At this point, I should mention the UK school games, which my right hon. Friends the Minister for the Olympics and the Member for Sheffield, Central (Mr. Caborn) were instrumental in bringing forward. Some 1,500 young people participated, in the constituency of the hon. Member for Bath (Mr. Foster), in the summer. It was a fantastic event. The young people were so engrossed in what they were doing; they were really experiencing the thrill of competition and of being part of a major event. The school sports system is completely reinvigorated, and we should be thoroughly proud of it.

Harry Cohen: I want to raise the issue of football. There was disappointment that there was no Great Britain team at the Beijing games and there will be dismay if there is not a Great Britain men's and women's football team at the 2012 Olympics. Earlier, I tried to intervene on my right hon. Friend when he said that he was having talks with the various home countries' football boards. Would he be prepared to take legislative action, if necessary, so that he could even pick the manager to pick the teams so that we had representatives in those tournaments?

Andy Burnham: The issue is close to my heart, although I am not sure whether I would go as far as my hon. Friend is enticing me to go. However, let me say this. I come from the north-west of this country; we are close to Northern Ireland and Wales and have strong links to Scotland. I feel strongly British, and it would be a crying shame if our national sport was not represented at London 2012 by a British team. The Olympics is an occasion for people of all political persuasions to put narrow, petty political point scoring behind them and think about the national celebration, letting people everywhere enjoy a moment when Britain comes together and puts its best face forward to the world.

I say to my hon. Friend that the Prime Minister and I have raised such issues with FIFA. The British Olympic Association is keen to field a British team at London 2012. If young people, wherever they come from, participate in that team, no measures should be taken against them for having played in a British team at London 2012, their home Olympics.

Mr. MacNeil: I preface my remarks by echoing the words of the Secretary of State and the hon. Member for Chorley (Mr. Hoyle) in wishing the English rugby league team all the best at the rugby league world cup. I hope that that is a sign of things to come, because I believe that England can stand on its own two feet internationally and make the best of it.

I should like to take the Minister back to the raid on Scotland's lottery money. Will he at least concede that although people in Scotland welcome and are looking forward to the London Olympics, losing Scottish money that should be going into Scottish sport, life and development leaves a slightly bitter taste in the mouth?

Mr. Deputy Speaker: Order. I say to the House again that the interventions have been very long. The clock is ticking, and an awful lot of people are seeking to catch my eye. They are going to be very disappointed. Some who are making long interventions are hoping to catch my eye later; that is rather counter-productive.

Andy Burnham: Taking the narrow view is not in the right spirit. We are talking about the country's, not just London's, Olympic games—the British Olympic games. Scottish athletes will be part of those games, funded through UK Sport. We would all do well to listen to how Chris Hoy put it in the summer when he was celebrating his and his team's success and did not want petty divisions to be brought in. I have said to the hon. Member for Perth and North Perthshire (Pete Wishart) that we will ensure that there is a successful Commonwealth games in Glasgow, and we will all make an effort so that that happens. I hope that the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) will not constantly seek to undermine the London Olympics, which will benefit us all.

Mr. Truswell *rose—*

Andy Burnham: This must be the last intervention; then I want to make progress.

Mr. Truswell: In the past, my right hon. Friend has acknowledged that one of the most important ways of engaging young people of all abilities and skills in any sport is to give them access to good-quality coaching. Before he moves on, will he elucidate what more is being done to ensure that schools, community sports clubs, local authorities and other organisations will be able to provide more inspirational and motivating coaching, which is such a crucial catalyst for promoting participation?

Andy Burnham: I will now come to the detail of that crucial point; I shall explicitly respond to my hon. Friend's point in the next few moments.

I have described the solid foundations on which we are building during this Olympic period. We want a generation of young people for whom sport at school and in the community has been a bigger part of life. They will then be the legacy of the Olympic games and remain active for their entire lives. We are planning to increase investment at every level so that that can become a reality.

Our overarching goal is to make 2 million more people active, and we are clear about how we will do that. One million people will become active through the formal sports club system and 1 million more through the promotion of physical activity. The Government will make an announcement on the delivery of physical

activity in due course. However, we have already taken major steps in this regard, such as our record £100 million investment in 11 cycling demonstration towns, using local creativity and innovation to create a good environment for cycling and cyclists.

We have demonstrated our commitment to a lasting Olympic legacy with our £140 million free swimming package. More than 80 per cent. of councils in England have already confirmed that they will offer free swimming to all those aged over 60 from next April, and our ambition is to help more councils to go even further. I am proud of my own local council, which will from next April provide universal free swimming for all. Let me repeat to the hon. Member for South-West Surrey, who seems not to have understood, that that initiative began in local government and is largely being funded at local level by the primary care trust and the council. This is a partnership; it is about matching funds that are available nationally with funds that councils and PCTs want to put into getting their populations more active. It is not in any way frivolous; it is about permanently increasing levels of physical activity. If we do not do that, we will face serious health consequences in the long term. I hope that he will work with us, and ask his colleagues in local government to do so, to ensure that this initiative succeeds and that we continue to take it forward in that spirit. Swimming remains one of the most popular activities for adults, with one in 10 men and nearly one in five women swimming at least once a month. We think that we can go further and build on that participation.

We promised to increase young people's participation in sport, and we have set a new goal—the chance to take part in five hours of sport a week. This takes me into the areas mentioned by my hon. Friend the Member for Chorley (Mr. Hoyle). All schools are now covered by one of England's 450 school sports partnerships. We have more than 3,200 school sports co-ordinators. I do not know whether my hon. Friend has had the good fortune to meet any of his local school sports co-ordinators, but they are an incredible group of people who are inspired and enthused, and do so much good work to get young people active and encourage an interest in sport. We also have a network of 225 competition managers. That is an infrastructure that can deliver after-school sport. I pointed out to the shadow Minister the former lack of such an infrastructure.

The issue is not only time, but the quality of the experience. High-quality coaching is the way to build confidence in young people and encourage them to stay active for life. If they are not given basic coaching in sports such as tennis and cricket at an early age, they will not develop the confidence that enables them to play with confidence at school and then go on to a club environment. Young people find it daunting to go to a sports club for the first time. It is particularly difficult for young girls, because the environment is not always as welcoming as it could be. If young people have confidence in their own sporting ability and understand the technique in the sport that they wish to pursue, there is a chance of ensuring that they stay active for life. That is a crucial part of the plans that we are taking forward.

Mr. Hoyle: I welcome the increase to five hours, but what goes with good coaching is good facilities. Will my right hon. Friend use his good offices to ensure that we have a sporting village that replicates what he has in Leigh? We lack a running track and the other sporting facilities that can bring on future Olympians. That is the legacy that we want in Chorley: what can he do to help us to get it?

Andy Burnham: We must carry on investing in the bread-and-butter facilities up and down the country. Councils provide the majority of sports facilities; we can do more to help them to bring facilities up to an acceptable standard. They need to provide a high-quality environment, particularly for young girls, who may not be willing to put up with the old shipping containers with changing rooms and showers and toilets that do not work. If people are going to play sport they need working toilets and showers and a warm environment to get changed in. Those are basic requirements, and we need to carry on working on that.

Conservative Members keep referring to the raid on the lottery. They cannot have noticed that under my right hon. Friend the Minister for the Olympics and her predecessor efforts were made through the New Opportunities Fund to invest significantly in the sporting infrastructure in schools, predominantly in floodlit astroturf pitches, of which there are several in my constituency. Those facilities are now used by the community during evenings and weekends. A lot has been done to put in place the infrastructure that my hon. Friend the Member for Chorley wishes to see, but I am sure that he will push me in going further and I am happy to talk to him about that.

Let me move on to another key point of our legacy. We want a more focused community sports system. Through Sport England, we developed a bold new strategy that will help to realise that ambition. Sport England will act more strategically as a commissioner of sports development so that we can work with governing bodies to expand participation and the talent pool. In return for public money and freedom comes greater responsibility. I expect governing bodies for sport to reach young people from all walks of life, and they will be expected to operate to the highest standards of internal governance. Women's sports, girls' sports and disability sports will not be optional extras, but a vital part of what governing bodies are expected to do. If any sport does not wish to accept that challenge, funding will be switched to those that do.

We want a new system of funding for elite sport at an enhanced and more ambitious level. Public investment in elite sport will reach unprecedented levels in the run-up to the London games, with more than £300 million being put in, compared with £265 million for Beijing. That is the direct result of the decision by the Prime Minister, then Chancellor, in March 2006 to commit extra Exchequer funding to elite sport. In the run-up to the London games, we are taking that funding model further. Building on lottery-only funding at the Sydney games and lottery and tax funding at the Beijing games, we are putting in place for London a new mixed funding model to fund elite sport of lottery, Exchequer and business funding. That is the model that has served the arts and culture sector so well, and that is what we are seeking to create in elite sport.

My hon. Friend the Under-Secretary and I will soon bring forward our plans for medal hopes, and there will be a high-profile fundraising drive reaching all parts of

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the country. We want all parties in this House to lend their shoulders to ensuring that the country gets behind the British team in the run-up to London 2012. These are well-worked-out plans that have been thought through in detail. It is true that the current economic conditions make raising £100 million from the private sector more challenging, but the performance of the British team in Beijing has given us the best possible platform to build from.

Mr. Truswell: My right hon. Friend was right to trumpet the success of specialist sports colleges, of which I have two in my constituency—St. Mary's and Priesthorpe. However, to amplify the point made by my hon. Friend the Member for Chorley, their only misgiving about the process is the lack of capital to invest in facilities. Will my right hon. Friend speak to colleagues in other Departments to ensure that capital streams such as Building Schools for the Future are more closely aligned with the Government's sporting priorities?

Andy Burnham: My hon. Friend the Under-Secretary is having precisely those discussions with his colleagues in the Department for Children, Schools and Families. Schools can look forward to enhanced sports facilities through the BSF programme, which is an incredible opportunity. When the Conservatives call for the lottery to be returned to its original state, they miss the point that lottery money could not be spent in schools when the lottery was created. Changes such as the New Opportunities Fund made it possible to spend lottery money in schools, creating brand new sports facilities. As we understood it when we fought the general election in 1997, the public wanted national lottery money to be spent on the health service to supplement health projects and on improving schools. That money can still be spent in that way, because there is more flexibility. However, I agree with my hon. Friend that there is more to be done in giving money to specialist sports colleges, although I think that the Secretary of State for Children, Schools and Families recently announced some discrete funding for specialist sports colleges. Certainly, one in my constituency benefited from a capital grant to drain its sports pitches. More funding is being put in, and I encourage him to find out more about it.

Mr. Andy Reed: I apologise for intervening. I will go into detail about the £100 million a little later, but I just wanted to speak while the Secretary of State is at the Dispatch Box. He has great confidence that this additional money will be raised; could he explain in detail what rights UK Sport has to sell—never mind the problems in the financial markets at the moment—on behalf of athletes to raise money? As he knows, I do not share his confidence. Can he guarantee that the UK Sport board will be in a position by its December meeting to put forward a funding package for the remaining four years?

Andy Burnham: My hon. Friend is right about the deadline. There is a need to make four-year allocations to sport by December to allow for planning. He will know that we have already made provisional allocations—I think that he raised that point during oral questions—and we want to enable governing bodies to have firm allocations in December. We are engaged in those discussions right now.

On top of the allocations that we are able to make, we will have a fundraising drive. There is a plethora of schemes out there in which people are saying, "Come and support local heroes"—everyone wants a piece of Team GB. In the "medal hopes" scheme, we are creating the only official route by which businesses at every level—local, regional and national—can come behind the British team and supplement the unprecedented amounts of public money that are going into elite sport.

It is important to remember that some Opposition Members and some of those in the other place have claimed that there is a Government black hole. That is not the case. When the Chancellor set up the system, he said that the public would put in an unprecedented amount of money, but we want to build on that further and bring in private revenue. That is exactly what we are planning to do. My hon. Friend will see soon a number of discrete schemes under "medal hopes", which are exactly the kind of things that will be offered in the marketplace. I would ask him to exhibit a little bit more patience, but he is right—we will introduce these plans shortly. There will be a package that ensures that we do right by our sportsmen and women. We will build on Beijing, and go on to have our most successful performance ever at the London games.

In conclusion, some might think that our plans for legacy for 2012 sound optimistic, but I remind the House that pre-Beijing, there were those who were cynical about our chances. I quote from the Select Committee's report:

> "Performance at recent Olympic Games suggests that the aspiration towards eighth place at Beijing in 2008 is ambitious; the aspiration towards fourth place in London 2012 might appear even rash."

I do not wish to rile the distinguished and esteemed Chairman of the Select Committee on Culture, Media and Sport, but before he goes to the bookies at the weekend, he might want to take some advice about his sporting predictions—from these Benches perhaps. We have an in-house expert who is very good at making high-profile and risky wagers. I hope that the Chairman of the Committee will see that we have a track record in delivering what we say we will deliver.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): May I just say to the Secretary of State—and I suspect that I speak on behalf of all members of the Committee—that we were never happier to have been proved wrong?

Andy Burnham: That is an incredibly gracious remark. But this is not about point scoring. We were all surprised and delighted by the over-performance of the British team. As I was saying to my hon. Friend the Member for Loughborough (Mr. Reed), we want them to go further in 2012, and that will be part of the legacy, too. If they do, young people will be inspired by the most successful ever British team, at our home Olympics. Think of the benefit that that will deliver to grass-roots sport in this country. It will be enormous. It will be time for the cynics to be quiet and let the sports-loving community of this country enjoy its moment—to enjoy a great time for this country, where people flood to take part in sport at a local level.

The legacy will be a whole generation of young people receiving more and better sporting opportunities in school and in the community. There will be more

opportunities for families to take part in sport together through our free swimming scheme, and opportunities for older people to be more regularly active. It will build a sound system for funding elite sport in the long term. That is the best sporting legacy that the London Olympics can deliver. We will deliver by 2012. I urge Members to support the Government amendment to the motion.

2.4 pm

Mr. Don Foster (Bath) (LD): I begin where the Secretary of State ended, by placing on record our congratulations on the phenomenal success of our Olympic and Paralympic athletes in Beijing. I suspect that those results have done more to ensure a lasting Olympic legacy than today's debate will achieve. Nevertheless, it is an important debate, and I congratulate the hon. Member for South-West Surrey (Mr. Hunt) on securing it.

I want to make it clear from the outset, as the hon. Gentleman did, that my party fully supported the Olympic bid, and we fully support and fully back all the work being done to ensure that we have the best ever games in London in 2012. That does not mean that we do not have some concerns. We share some of the disappointments expressed. We believe that there have been some missed opportunities, and we believe that steps that could be taken are not being taken. The hon. Member for Loughborough (Mr. Reed) announced in advance of his speech that he has a number of criticisms of the Olympic legacy plan, and so do we, but that in no way should be seen as undermining our support for the London Olympic and Paralympic games in 2012.

Although the sporting legacy has been the main topic of debate and is the main issue covered in the motion, I was delighted that reference was made to other areas in which we hope to achieve a legacy. Reference has been made to the importance of ensuring a legacy for tourism—the fifth most important area of the British economy, and it is in difficulty. Since 1997, when the figures were roughly in balance, Britons have spent about £19 billion more abroad than people from overseas have spent in this country. We urgently need to do more to support our tourism industry to ensure that it has a legacy as a result of the 2012 games.

I therefore find it appalling that the Government are cutting the budget for VisitBritain. When that point was raised by the hon. Member for South-West Surrey, the Minister for the Olympics said, from a sedentary position, "Where's the money going to come from?" I am sure that she would recognise that a bit of additional investment—or not cutting the planned investment—in VisitBritain, so that it can market this country abroad in the run-up to 2012 will bring huge financial rewards, not only to the tourism industry but to the Exchequer. It would be a very good investment.

The other area that has not been touched on much, although it is an important part of the promised legacy, is the legacy for businesses in all parts of the country. It is worrying to look at what has happened in the awarding of Olympic contracts to date. We were told that every part of the country would benefit, but London and the south-east, which have 30 per cent. of all UK businesses, have so far won 69 per cent. of the 700 Olympic contracts that have been awarded. The north-east, which has 10 per cent. of all businesses, has won only 1 per cent. of the contracts. The Secretary of State, who comes from the north-west, ought to be concerned that his area of the country has 7 per cent. of all businesses, but has so far won only 2 per cent. of the Olympic contracts. We have to give far more support in uplifting skills and providing training to ensure that businesses in all parts of the country can compete successfully for the remaining Olympic contracts.

I note with interest, however, that there are good ways of making money, even out of debates on the Olympic legacy. Any Member who wishes to pay £90 will be able to go, on 3 November, to a discussion on the Olympic legacy. Perhaps we might charge those coming to this debate to raise some of the money that the Secretary of State needs.

I want to turn, as the motion rightly does, to the issue of the sporting legacy.

Tom Brake: Before my hon. Friend moves from the subject of other legacies, does he agree that it would be regrettable if the transport legacy—specifically, the North London line—was lost? It is key to the games and to providing superior transport facilities in future.

Mr. Foster: My hon. Friend is right. As a result of the Olympics coming to London, there will be significant, much-needed improvement in transport in the London area. The North London line is important, which is why, should financial difficulties continue, we will work with the Government to find ways of solving problems so that the contracts can go ahead. I know that various options are being explored, and we will work with the Government to ensure the best deal not only for the taxpayer but so that we get the much-needed infrastructure improvements in transport from building the Olympic park.

I am the first to admit that there have been some phenomenal improvements recently, and I pay tribute to the Government for their work. The Secretary of State listed several improvements, with statistics. I hope that he will not, therefore, think it churlish of me to point out that further improvements could be made and that, if the Government effected them, we would get a better sporting legacy from 2012.

Our elite athletes constitute one matter of concern. That wonderful performance in Beijing was backed up with a funding package of £265 million. The Government announced that we are considering a much bigger funding package—£600 million—for London 2012, and I welcome that. However, the problem remains of the £100 million shortfall. We know that perhaps £21 million will be found because of the new contract with Camelot about a third licence for the national lottery. However, that still means that £79 million must be found. Although the hon. Member for South-West Surrey did not mention it in his speech, he has said elsewhere that the Conservative party believes that the money should come from the Contingencies Fund. I am not convinced that that is the right way forward, but there is a proposal that the Secretary of State might seriously consider.

The Secretary of State knows that we were critical of the second tranche of cuts from the national lottery to pay for the Olympic infrastructure and that we proposed, some four years ago—I am delighted that we now have Conservative support—a move to a gross profits tax approach for national lottery taxation. That approach is used in most other forms of gambling and betting. As

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he knows, the figures show that, if we did that, there would be more money not only for lottery good causes but for the Exchequer. I therefore hope that he will consider such increased Exchequer funding as a possible source for the £79 million that UK Sport is missing, and make the much-needed announcement in December.

Mr. MacNeil: The hon. Gentleman has mentioned the legacy a lot. According to the House of Commons Library, funding before the Beijing Olympic games was £265 million, with £90 million for podium funding. I believe that the Secretary of State said that that would increase to £325 million in the four years before 2012. However, I revert to the point that Scotland will lose between £150 million and £200 million through the London Olympics. Although we all support the London Olympics, losing money from Scotland during a credit crunch sticks in the craw. Do the Liberal Democrats support the SNP in wanting to keep Scotland's money in Scotland?

Mr. Foster: I am surprised that the hon. Gentleman is surprised that I mentioned the legacy a lot, given that that is the title of the debate. None the less, I understand his concerns and those of colleagues in Scotland. I urge him to get behind the Liberal Democrat proposal for a gross profits tax on the national lottery. If he supported that, and the Government were persuaded to adopt it in the pre-Budget report, which will be made soon, Scottish good causes would receive significant additional funds.

It is worrying that some of our elite athletes are so concerned that they plan to sell computer-generated images of themselves for £1,000 a year. The creators of the website, gold medal-winning sailors Sarah Webb and Sarah Ayton, have announced that they are £30,000 in debt after Beijing. We must address that genuine problem quickly. UK Sport needs a clear announcement as soon as possible.

Not only the elite legacy is important, so let me deal with other aspects of sporting legacy. It is critical to provide more support for community sports organisations and school sport. The Conservatives offered the solution of reverting to the four—five if we count the millennium fund—pillars that were originally designed for the national lottery. That is superficially attractive, and I am sure that it will get much good news coverage, but I hope that the hon. Member for South-West Surrey is prepared to say how Conservatives intend tackling the resulting black hole in aspects that they will no longer fund. As the Secretary of State said, education, health and the environment will lose £200 million a year. The hon. Member for South-West Surrey must explain where the money will come from.

I understood that volunteers and community groups were important to the Conservative party—volunteers will certainly be needed for the Olympics. Yet, if we reverted to the four pillars, a further £65 million a year would be lost to community and voluntary groups. I have given the correct figures for the money that is spent outwith the four pillars.

However, I accept that the Olympic legacy plan has the key objective of maximising an increase in UK participation at the grass roots in all sports and for all groups. If we are to achieve it, we must do more work in schools, and with our national and community sports and our recreational organisations. As the Secretary of State said, it is vital to get the country more active, and achieving that will not be easy. We cannot rely simply on our hosting the games. I am sure that the Secretary of State accepts the comments of the Culture, Media and Sport Committee that no host country has yet been able to demonstrate a direct benefit from the Olympic games in the form of a lasting increase in participation.

As well as hosting the games, we must do much more. As I said earlier, many good things are happening. The Secretary of State was good enough to mention the excellent UK school games that were held during the summer in Bristol and, significantly, Bath. He, the Minister for the Olympics, the sports Minister and the shadow sports Minister all came along. I am sure that they will all testify that it was a wonderful and inspiring event. I remind the hon. Member for South-West Surrey that it was partly funded by millennium funds—one of the pillars that he would ditch. However, I am glad that he enjoyed it. One thousand five hundred Paralympic and able-bodied elite athletes took part. However, perhaps the Secretary of State did not know when he visited that, to make the event happen, many people volunteered.

Volunteering is a critical part of the legacy that we must build in our work leading up to 2012. It was fantastic to hear what some of the young people who volunteered at the UK school games said—they now want to go on and get into the various programmes that will help them volunteer for 2012.

I accept that there have been some fantastic improvements in some matters. As the Secretary of State said, 90 per cent. of school pupils now do two hours of sport each week—indeed, in my constituency, the figure is 92 per cent. In my area, which is covered by the former county of Avon, we have a fantastic county sports partnership, Wesport, which is doing amazing work to increase participation by linking schools and sports clubs, encouraging more coaching and volunteering, organising inter-school competitions and much more. The Secretary of State referred to increases in inter-school sports competition. Perhaps the best evidence of Wesport's success is the fact that in the past year 14,991 young people from the area took part in inter-school sports competition—an increase in one year of 9,053 which is a phenomenal improvement.

Sadly, however, the picture is not entirely as rosy as the Secretary of State made out. Despite the figures that he cited, 750,000 young people are not participating in two hours of sport in school time. He did not point out that that two-hour period includes changing time, so it is not two hours of sport. He also failed to make any reference to some of the age groups in which young people are not participating at anywhere near that level. Only 71 per cent. of pupils in year 10 and 66 per cent. of pupils in year 11 are doing the two hours, while 34 per cent. of pupils are not participating in intra-school competitions and 59 per cent. do not take part in inter-school competitions. One quarter of pupils do no sport outside school and the drop-out rate of people who leave school and then do no sport is alarming. Despite significant improvements, which I welcome, there is still a great deal to be done.

It is easy to reel off the figures, but if we accept that analysis, the question is: what can be done about it? I would like to suggest to the Secretary of State, the Minister for the Olympics and the sports Minister that

a number of things can be done, the first of which is to be very wary of setting targets. I welcome the reorganisation of Sport England and believe that the new approach is right. However, the Secretary of State should be well aware of what has happened under his Government over the past 10 years, during which time Sport England has missed nearly all the targets that were set for it. Of the 22 targets that I have asked parliamentary questions about, only two have been met. As for the others, either they were missed or we have been told that there are no data on them.

Let me give the Secretary of State an illustration. One of his Department's public service agreements was to increase participation in sport by ethnic minorities. To achieve that, the Department tied it to a Sport England commitment to make some 4,000 grant awards, which will significantly benefit people from ethnic communities. That is all well and good, but then I asked the sports Minister a parliamentary question about how well we had done in achieving that target, to which I received the following reply:

"Sport England does not record information on which groups funding is focused. Therefore, it is not possible to give a figure for the number of awards made by Sport England to projects that have significantly benefited people from ethnic communities in each year since 1999."—[*Official Report*, 1 July 2008; Vol. 478, c. 883W.]

So, we set a target but we do not even keep any data on whether we have achieved it.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does the hon. Gentleman agree that to talk about getting funding for ethnic minority groups, but not to bother recording the necessary information, is to pay the most blatant lip service? When we consider the enthusiasm for sport and activity among ethnic groups throughout the country and their difficulty in accessing support, Ministers really should be ashamed.

Mr. Foster: The hon. Lady is absolutely right.

Mr. MacNeil: The hon. Gentleman is making a speech decrying targets, but if it were not for targets he would have very little to say. His entire speech has been about mocking or deriding the targets that have been set.

Mr. Foster: I think not, but I shall try to make some progress and give him a few more suggestions. The introduction of a gross profits tax is one example and the suggestion for how that could fill the black hole in the Olympic elite athletes budget is another, but let me give him some more.

The first suggestion is to look into providing more support to community sports organisations. The first thing that we ought to do is to introduce a gross profits tax, which would put more money in. The second thing is to provide more support, to get more coaches and volunteers active. The third thing is to provide more protection for our playing fields. The Secretary of State rightly said that the Government had improved the arrangements. However, I hope that he will not deny that since 2001 some 267 playing fields that were covered under the legislation have been sold off, despite Sport England's saying that doing so would be a threat to sporting facilities.

I hope that the Secretary of State will also agree that in 2002 the then Deputy Prime Minister, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), promised the House that increased measures would be taken to protect smaller playing fields, which are those smaller than the 0.4 hectare area covered by the current rules, but bigger than 0.2 hectares. In 2006, the Secretary of State's Department gave me a parliamentary answer that said categorically that the Government were looking into the issue and that something would be done. In January 2008, I received a further answer that said categorically that they were looking into the issue and that something would be done, but to date nothing has been done. Will the Secretary of State intervene on me and give a categorical assurance that the Government will introduce measures to protect smaller playing fields, as was promised as far back as 2002?

Andy Burnham: The hon. Gentleman is making a good, balanced speech and has made some fair points about playing fields. My hon. Friend the sports Minister and I regularly discuss such matters with colleagues across Government. I believe that there is some scope to tighten further the way in which the regulations operate. However, I hope that the hon. Gentleman will agree that we have created a tight system, through the double lock of Sport England and the Secretary of State for Children, Schools and Families. If the hon. Gentleman compares that with the pre-1997 situation that I described, he will find that it has been incredibly effective in ensuring that playing fields are not sold with a resulting loss of sporting provision.

Mr. Foster: I am of course grateful to the Secretary of State, but I was hoping for a commitment to do what the Government keep committing to, but do not do. In July 2002, and again on 24 July 2006, the Government said in a press release:

"New legislation is also to be put in place to protect smaller playing fields. This change brings down the size threshold upon which Sport England must be consulted when a planning application for development is submitted from 0.4ha to 0.2ha".

I also received a response to a question in January that said that the Government were going to do that, so I hope that we will get some action and not just the words that we have heard today from the Secretary of State.

We also need to do more to help community sports clubs. The Government have rightly introduced the CASC—community amateur sports club—scheme, which we welcome. However, despite the enormous benefits that can accrue to clubs from becoming a CASC—an 80 per cent. mandatory business rate relief, the ability to raise funds from donations under gift aid, tax-free income from interest and capital gains, and so on—of the 30,000 clubs that are deemed eligible to qualify, only 5,000 have done so to date. It is critical that we all work together to get that message out so that more clubs can qualify.

We must do other things to help those clubs. As the Secretary of State has responsibility for licensing as well as for sport, may I ask him to look very closely into the concerns being expressed about the impact of the Licensing Act 2003 on many sports clubs? Only yesterday, the Central Council of Physical Recreation presented evidence to the Select Committee on Culture, Media and Sport of the huge additional burden being

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placed on clubs of having to pay for the licence application and all the legal and planning work that is necessary for those applications.

This is admittedly an extreme example, albeit one that was cited yesterday, but one yacht club whose annual bar turnover is just £3,500 pays the same for its licence as a wine bar situated next door that is open until 2 am every night of the week and whose turnover is likely to be nearer £3,500 a week. That cannot be right. We need to look at ways of lightening that burden. Giving the 80 per cent. rate relief to clubs that become CASCs is a way forward. Perhaps a similar relief could be considered in respect of licence fee applications as well.

Only recently has it come to light that, because of changes in the way in which utility companies charge for land drainage, a huge additional burden is being placed on many sports clubs. Only one utility company has started the new procedure, but I am assured that it is to be rolled out to all water companies. That will result in a fantastic increase in charges to many sports clubs. One tennis club's charges have gone up by 2,841 per cent., from £85 to £2,500. That is unsustainable, and I believe that the Government should look at positive measures to provide help.

A further way of providing help would be to consider a simple change to gift aid. If only the Government would accept the proposal to allow gift aid to be used on junior subscriptions to sports clubs. The cost to the Government would be a mere drop in the ocean—£1.6 million in the first year, rising to £4.3 million in later years—yet the measure could bring in about £1,500 per sports club per annum. That would be an enormous boost to the clubs, and provide enormous encouragement for young people to get involved in sport.

We are worried that some of the things that could be done have not been done, and we are somewhat disappointed with the present legacy plans. We are optimistic about the future, but we believe that more could be done. I have outlined a number of proposals, and I hope that the Government will be willing to listen to them and, more importantly, to act on them.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next speaker, may I point out that we have spent almost two hours of this three-hour debate on Front-Bench speeches? There is very little time left, so please will hon. Members try their best to make their speeches as brief as possible, so that I can call as many Members as possible?

2.32 pm

Lyn Brown (West Ham) (Lab): I am almost at a loss for words when I try to describe the pride and anticipation that I felt when London was chosen as the venue for the 2012 games, and my delight that the Olympic park—centred in my constituency—is now starting to take shape. The clearing of the site and the initial infrastructure works are going well, despite a few unexpected changes. The power lines that blighted the skyline of the area for years are now being dismantled, and work continues to improve the waterways and the surrounding park, breathing new life into what were, quite literally, the backwaters of the east end of London. The stadium is emerging from the ground, and the seating support structure is already in place for all to see. An area that was a post-industrial polluted wasteland is well on the way to becoming the parklands of the Olympic site.

However, today's debate is focusing not on the progress being made with the construction—impressive though that might be—but on the Olympic legacy. I want to focus not just on the sporting and cultural legacy—important though they will be—but on the entire legacy of the games. This is unashamedly a speech by a local MP advocating on behalf of her constituents. As I do not have much time this afternoon, I am not going to reiterate the many reasons why I am standing on my feet making this speech. I am not going to give the House a statistical analysis of the poverty in London—a London which, despite City bonuses and high incomes, is also a London of real economic deprivation and hardship, in which many struggle to survive. Newham is the fourth poorest local authority in London. Its neighbours—and fellow Olympic host boroughs—Tower Hamlets and Hackney are the poorest and second poorest respectively.

The London bid for the games was predicated on leaving behind an important legacy for my constituents. The bid documents stated that

> "by staging the Games in this part of the city, the most enduring legacy of the Games will be the regeneration of an entire community for the direct benefit of everyone who lives there".

The ambition of the bid was big, but not unachievable. The games present us with a once-in-a-lifetime opportunity to make a real, positive difference to an entire community in, arguably, the poorest area of the country. It is for this obvious reason that the Olympic and Paralympic games must not simply be a fabulous sporting and cultural spectacle for a few weeks in the summer of 2012. They must become a mechanism for leaving lasting improvements in the health, housing, employment and skills of Londoners. To spend that amount of money and not achieve a lasting positive legacy would be obscene.

The legacy commitments promised to east London were outlined in a document released at the beginning of the year, entitled "Five legacy commitments". The commitments included a new urban park, which we were assured would be "world-class", and an Olympic village of just under 3,000 affordable homes, of which it was stated:

> "After the Games, retained venues and new parklands will provide local people with places to spend their leisure time".

The document goes on to say:

> "The Aquatics Centre will be open for community use and the Polyclinic, a medical services unit for athletes during the Games, will be transformed into a primary care centre for local residents."

That sounds sensible: the swimming pool is to be used by the local community and a new health facility will be in situ for the new community being built in Stratford.

But there appear to be some problems. The Olympic aquatics centre was to have had a community leisure and fitness facility built next to it and linked to it. The London borough of Newham—and, to a lesser extent, the London borough of Tower Hamlets—had pledged financial support to build this important community

facility. Such a centre would provide local communities with additional access to much-needed sport and fitness facilities. But I understand that these proposals may have been dropped, and that this legacy proposal, with the potential to improve the health of the local community and widen its access to sports facilities, appears to have been abandoned.

The aquatics centre, which was intended to be the landmark Olympic venue, is now to be the only swimming pool of its size in the western world in recent memory to have been built without community use as part of the scheme. Sadly, it has also emerged even more recently that the health centre will not materialise. Instead of a permanent athletes medical centre, we are to receive a temporary facility, to be built for the games and demolished afterwards. And the stadium! This field of dreams still does not have any post-2012 tenants who can work with the community to provide affordable multi-use facilities. Unfortunately, it now seems too late for it to benefit from the interest expressed many months ago by an excellent local premier league side—[HON. MEMBERS: "Hear, hear!"] Thank you.

The international broadcast and press centre, a key legacy commitment to boost a growing telecommunications and information technology industry, also appears to be facing an uncertain future. Potentially, this project has the scale and impact to deliver a legacy promise of transformation. It would be an immeasurable loss of opportunity if it were not retained to be used as a catalyst for sustainable high-tech industry. Just as ominous are the indications not only that the athletes' village is being further downsized, with more athletes sharing fewer apartments, but that the private sector financing for this key part of the project now seems to have dried up. Government funding now seems crucial to the project.

In Newham alone, we have more than 20,000 families on the housing waiting list, and more than 5,000 families housed in expensive temporary accommodation, often making it impossible for people to work and to pay their rent, as they are reliant on benefits to keep a roof over their heads. I would like to press the Minister to consider intervention to ensure that after the games, we use the athletes' village to alleviate some of the desperate housing need in the area, and to provide a genuinely mixed-use development of family homes. It would be a very positive move if the new Homes and Communities Agency could take an active role in the funding and design of the Olympic village to ensure community benefit from a significant build of new and potentially affordable housing on site.

There are other legacy opportunities that are not building-based, and I congratulate the Government on investing in the local employment and training framework, which has provided skills and employment to thousands of people. I am told that 24 per cent. of workers employed on the Olympic park site now originate from one of the five host boroughs.

Ms Abbott: Does my hon. Friend agree that although the Government are to be congratulated on what they have done so far, the number of people from the Olympic boroughs employed on the Olympic park remains regrettably low, however much that fact may dismay contractors and their representatives? One way in which the big contractors are getting round and massaging the figures for local labour is by bringing labourers from all over Europe into the Olympic boroughs and putting them in hostels. Those labourers are then counted as local people, but in fact they have been shipped in from all parts of Europe. To provide a lasting legacy in boroughs such as Hackney, which have high crime rates, we need to offer our young people real opportunities to work.

Lyn Brown: My hon. Friend is absolutely right. What concerns me about these figures is that we have no method of monitoring whether these are truly local people or simply workers temporarily resident in the local area in order to obtain employment. My community has a rich history of welcoming people from all over the world, but the one thing that they ask of such people is that they stay and become part of the community so that they contribute to the fabric in which we live. Unfortunately, some people are coming in and living temporarily or "hot-bedding" in small domestic homes, creating difficulties in local communities, and they will leave as soon as the work has finished. What we need is a methodology able truly to track whether the people counted in these surveys are indeed local people.

It is also sad to note that only an estimated 6 per cent. of those currently working on Olympic sites have arrived through apprenticeships or Olympic training programmes. Given the high unemployment in Newham and surrounding areas and the documented lack of formal training and skills owned by members of those communities, I urge the Government to do all they can to increase these figures for the long-term economic future of the borough.

The legacy of the Olympics is more than just the sum of its parts—despite my contribution today, I know that. It is also more than the buildings. The motivation that fuels those of us who, despite these problems, very much support the games in London, is the potentially transforming nature of those games for communities. The hon. Member for South-West Surrey (Mr. Hunt) rightly mentioned the record levels of volunteering, the interest and investment in sporting clubs and coaching infrastructure. That shows that the games are not just about the physical side, but about the development and evolution of new and existing communities in a sustainable manner, which requires long-term planning, and, I believe, immediate action.

Harry Cohen: My hon. Friend is making a very good speech, raising many pertinent points. She started out by talking about poverty in the east end, but poverty—and child poverty, in particular—is not just about money and housing, but about poverty of experience. One proposal put to me—and, I suspect, to my hon. Friend and other east London MPs—came from the Field Studies Council. It proposed having an outdoor learning centre that could bring children in from areas across London and throughout the country so that they could benefit from nature studies and associated activities. Would my hon. Friend support that proposal for post-2012?

Lyn Brown: I thank my hon. Friend for that contribution, and I support that proposal. Being a local girl who grew up in Newham, I recall benefiting from a field study trip to a little place called Maldon in Essex. It was my very first time away from home, at the age of 10, and I can say that it was a life-changing experience. I have not often been back to Essex since, but perhaps I should go.

[Lyn Brown]

It seems to me that the current Olympic budget is modest for an event that would help to improve the life chances of the poorest Londoners—the 40 per cent. of London's children who live in poverty. It is modest in view of the relief it could bring to thousands of families living in temporary accommodation; modest in that it could upskill millions of citizens in London and its neighbours, creating prosperity for communities; modest for improving the health of a community of people who die earlier than their neighbours; and modest for re-energising the nation in 2012, boosting young people's interest in sport and reminding the globe's travellers of what an amazing place London is to visit.

The Government and the Olympic Delivery Authority have worked tirelessly to ensure that the budget is managed and remains at a sustainable level. The Government are right to be mindful of the need for responsible spending, particularly at a time of financial difficulty. With the UK suffering the effects of the global economic downturn, it is clear that the budget may have to be reviewed, along with the precise design and make-up of the Olympic park and venues. But this review has to be balanced.

To host the second London austerity games, as some are already suggesting, would betray not only the ethos and vision of the Singapore bid, but the vision and the hope that is based on the opportunity to regenerate east London and its surrounding areas. By correctly implementing the regeneration ethos of the Singapore bid, east London can be changed from an area of relatively poor health and high unemployment to a community based on skills, aspiration and healthy activity. The Government have worked hard towards achieving that goal to date, but I would urge them to redouble their efforts and approach the current funding difficulties with the same vigour and determination as my constituent, Christine Ohuruogu, at the finish line in Beijing.

My constituents, who continue to endure the disruption that the seven-day-a-week construction inevitably causes and who have seen local residents and businesses forced to relocate, not only deserve legacy commitments in exchange for that disruption and for their enthusiastic support for the project, but need them to be delivered to allow them to break free of the deprivation that holds back the dreams of so many. They should be allowed the new housing, new sports facilities, cleaner and greener environment and the wider increased job opportunities that the legacy has the potential to offer.

I end my contribution—I do not often do this—by quoting a passage from one of my own speeches made a couple of weeks after the Olympic bid was won. I said that if the Olympic games failed to benefit—benefit, not displace—the people I have just spoken about, the games would have been a failed opportunity and a failed investment. I believe that that statement has stood the test of time.

2.48 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): It is a pleasure to follow the hon. Member for West Ham (Lyn Brown)—not just because we learned of her life-changing experience when she visited my constituency, but because she made some important points. I shall return to one or two of them later. I also congratulate my hon. Friend the Member for South-West Surrey (Mr. Hunt) on organising this debate. It is good to see so many Members wishing to participate; I shall endeavour not to detain the House for too long.

The Olympic games have been an easy target in the past and there has been a lot of negative coverage in the media. I hope that that is now changing. I have to admit that, as the Secretary of State pointed out, the Select Committee was unduly pessimistic about our chances in Beijing. I acknowledge that we got that wrong and I send my congratulations to all our athletes on a magnificent performance in Beijing. I would also like to congratulate the Chinese—something that happens less often in this place—on putting on a fantastic Olympic games. They set a standard that we will have to work very hard to reach. As the Mayor of London told my Select Committee a few weeks ago, we may not be in a position to spend quite as much on the games as the Chinese, but we are endeavouring to produce a "cosier" games. That is something that we can look forward to.

I have no doubt that the games will be a great success. They will provide a fantastic spectacle for people in this country, and a further platform for our athletes to demonstrate their prowess. However, as my hon. Friend the Member for South-West Surrey pointed out, the real objective on which we should focus is the legacy, and that will be very hard to achieve. Not many previous games have achieved great success in legacy terms.

The Select Committee visited Seoul, which hosted the games some years ago. The facilities there were wonderful, but most stood empty. There was a vast swimming complex where just a few people were swimming up and down the lanes, and there were running tracks that were barely used. We also visited Athens, which, if anything, was even more depressing: weeds were growing on the running tracks, and some of the sites were in an appalling state of disrepair. The Greeks were frank with us, admitting that they had been so fixated on completing the work in time for the games that they had not really thought about what would happen to the facilities afterwards. As the Select Committee has said, and as I think the Government have recognised, it is essential to take account of legacy use right from the start, when the facilities are being planned.

The Committee concluded in its most recent report that both the London Organising Committee of the Olympic Games and Paralympic Games and the Olympic Delivery Authority were doing pretty well. They are, I believe, further ahead than previous organising committees have been, and the International Olympic Committee has been impressed by the amount that has already been achieved. As for the legacy, I want to discuss three aspects of it: the "hard legacy", sporting participation, and tourism—a subject whose importance my hon. Friend the Member for South-West Surrey rightly stressed, although in my view we are falling far short of what is potentially achievable.

The "hard legacy" was always going to be difficult. We are building a flagship Olympic stadium at a cost of half a billion pounds. In other Olympic cities, such venues have subsequently become national stadiums where national football competitions take place: they become the prestige venues. Of course, we already have one of those, on the other side of London, and it is unrealistic to believe that the Olympic stadium will be

able to compete with Wembley. I must say, though—without wishing to upset the hon. Member for Leyton and Wanstead (Harry Cohen)—that it is disappointing that no premier league club has said publicly that it is at least willing to consider the Olympic stadium as its future home. That would transform it. We shall have to work very hard to ensure that it continues to be used as it should, given the amount of money that is being invested in it. Perhaps more thought should have been given at the design stage to how that was to be achieved.

The hon. Member for West Ham rightly referred to the aquacentre. At a cost of £300 million—although the candidate file predicted that it would cost £73 million—it will be the country's premier swimming competition venue. That will be terrific, but it is disappointing that more has not been done to ensure its leisure use. It is all very well for national swimming competitions to take place there, but I suspect that the constituents of the hon. Member for West Ham would rather have a pool where their children could enjoy themselves at weekends. If leisure facilities are being cut back, that is a shame, and poses the danger that the aquacentre will not be used as we would all like it to be.

I am also concerned about another project mentioned by the hon. Member for West Ham, the establishment of an international broadcasting centre and main press centre. We have not been told exactly how much that will cost, although we fear that it too may prove to be more expensive than initially forecast. However, it does provide an opportunity.

This is not just a vast warehouse; it will be a highly technologically equipped warehouse, with a potential for later use by the creative and media industries. I know that the mayor of Hackney and others in that part of London have ambitions for it, believing that it could become a media centre bringing income and employment to the area. I was reassured when the Select Committee was told that it was not true that it was likely to end up as a supermarket distribution centre. We have also been told that reports that it will be a temporary venue to be dismantled later are not correct. Again, I hope that thought will be given to its future use, and that the ambitious plans for its appeal to the media industries will not be dismissed. It would be a great shame if it, too, became a vast empty building sitting in east London.

My hon. Friend the Member for South-West Surrey mentioned shooting. It is probably too late to revisit the debate about whether Bisley was a possible venue, although I still find it extraordinary that a world-class shooting centre should be ruled out on the basis that the road might not be good enough for the spectators, or that it was a bit too far away. The Select Committee was disappointed about that.

I was delighted to hear from the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) about the inspiration gained by the young people of Greenwich from knowing that they are engaging in sport on an Olympic site. I do not discount that; I am sure that it is a motivating factor for them to know that they are playing in the place where an Olympic competition will shortly be held. Nevertheless, it is extremely disappointing that all the shooting facilities that will be built in Greenwich will then be taken down, and that there will be no real trace of evidence that shooting ever took place there. The Select Committee continues to hope that every thought will be given to how we can use the Greenwich facilities to ensure that there is a legacy to benefit shooting, perhaps not in Greenwich but in other places.

The real target, although it is harder, is not the hard legacy but the soft legacy: sporting participation. As far as the Committee can see, no country has achieved a permanent increase in participation as a result of hosting the Olympics. That is not to say that we should not try to be the first to do so. The Government, and indeed our original bid, laid great stress on that being the real prize if we could pull it off. However, having examined the preparations that are being made with the aim of achieving increased participation in sport, the Committee concluded that, although Sport England is apparently to invest £183 million in multi-sport community projects, it would probably have supported such projects in any event, and they would merely be rebadged in order to be associated with the Olympic games.

The Secretary of State spoke of his ambitions for free swimming, and the money that the Government were providing, but he also said that that was always going to be a locally driven project.

Mr. Richard Caborn (Sheffield, Central) (Lab): Does the hon. Gentleman agree that had it not been for the 2012 London Olympics, we would not have the UK school games every year? Earlier this year, 1,600 of our young people competed at the highest possible level in Bath and Bristol as a direct result of our winning bid, and that will continue well beyond 2012. The hon. Member for Bath (Mr. Foster) attended the opening ceremony, and was instrumental in bringing the event to Bath and Bristol. Would not its continuation be a fantastic legacy, given that it will ensure early participation in sport among young people of school age?

Mr. Whittingdale: I am happy to agree with the right hon. Gentleman about that. I am delighted that the UK school games have been so successful. I shall say a little more about school sport in a moment, but let me say first that my local district council, having sat down and looked very closely at the figures, concluded that the introduction of free swimming for the over-60s would result in a significant increase in council tax, because the Government's money would not go nearly far enough. That is why many people think that, as in other trumpeted Government schemes such as free transport for the over-60s, local councils might end up having to pay the bill, because the Government's words exceed by a wide margin the amount of money they are prepared to put into them.

The ambition to increase the amount of time for school sport to five hours per week is a noble one and I would be delighted if it could be achieved, but I remain concerned that we do not really know how the Government intend to go about that. If part of that extra time for sport is to come out of the school day, what will have to be dropped? If it is not to come out of the school day, but is to take place after school, we will rely hugely on the community and amateur sports clubs to deliver that. I was going to talk about the evidence my Committee received yesterday during our inquiry into licensing, but the hon. Member for Bath (Mr. Foster)—who I am delighted to learn is paying such assiduous attention to our proceedings—has already made the point that licensing is just one example of the burdens on community sports

[Mr. Whittingdale]

clubs, which are threatening the existence of many of them. Therefore, if the Government are to look to community sports clubs to deliver their ambition, it will be necessary for them to provide further help to enable them to do that.

The third plank of legacy—tourism—is incredibly important. It was recognised by the Government as a legacy that could benefit the whole of the UK, and not just the east of London. In order to deliver that, we need to promote Britain. When the Government published their strategy for tourism, they said that VisitBritain would be the body tasked with delivering the tourism legacy. We therefore still find it inexplicable that the Government should choose this moment to cut VisitBritain's budget by 40 per cent. I hope that the Government will reconsider that and give greater priority to tourism than they have done to date so that we achieve the full tourism legacy.

I do not, however, wish my speech to be entirely negative. I think that a great deal has been achieved. I pay tribute to LOCOG and the ODA. I have no doubt that the Olympic games will be a great success, and I hope that they will deliver a lasting legacy to this country, but if that is to be achieved, there are areas in which we should be doing more.

3.2 pm

Kate Hoey (Vauxhall) (Lab): It is a pleasure to follow the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale). The fact that so many Members still wish to speak and we have such a short time left shows that this issue should be regularly debated in Parliament, instead of us having to wait for the Opposition to call a debate on it. The public want to know what is going on. Our constituents are asking us about Olympic legacy and it is important that we have these opportunities. It is also important that when people make certain criticisms or raise points, it is not seen as opposition to the Olympic legacy and the Olympic ideals.

I worked with Colin Moynihan before he was chairman of the British Olympic Association to produce, on an all-party basis, a very good document called "Raising the Bar", many of whose recommendations I am delighted that the Government are gradually introducing. Many of the matters we are discussing this afternoon can be addressed on an all-party basis, which is why it is not particularly sensible for us to be dividing on this subject this afternoon, as the votes and the wordings of motions and amendments never fully reflect the full scale of the debate.

I want to draw a distinction in terms of the legacy of the Olympic venues, to which my hon. Friend the Member for West Ham (Lyn Brown) referred clearly in her very good speech. A part of the Olympic legacy is the park and what will happen to it. Some of the legacy planning was not done early enough, and as the economic situation gets worse, we will be in an increasingly difficult situation. We clearly won the Olympic bid before the Beijing games on the basis of the legacy. Some people now probably wish that word had never been mentioned, because it is being used all the time. For me, the "legacy" does not mean just a fantastic Olympic games for the participating athletes; we take that for granted. I also think we should not even be thinking of trying to model ourselves on Beijing. We should, as far as possible, get back to the ideals of sport for its own sake. Of course, the athletes will make lots of money—the very successful ones will make huge sums. The broadcasters will also make money, and the International Olympic Committee will make a fortune out of the London games, but, ultimately, it is about delivering a good sports programme in good conditions. I am confident that LOCOG will do that very well, and that the Olympic Delivery Authority will make sure that the buildings are completed in time—even if it costs huge sums of extra money and that money comes from the contingency fund. The necessary amount will be found. The Olympic games will take place in 2012 no matter what happens to the economy.

I agreed to take on the advisory job on the sporting legacy for London for the new Mayor of London because I believe that the legacy, in terms of the participation of Londoners—I am speaking here as a London MP—is what has been sorely missed out. There has been no planning and there has been no joined-up working on it. Some very good things are happening in all our boroughs that Members could talk about. Excellent partnerships are taking place, and there is a huge opportunity to work with the governing bodies. I particularly welcome Sport England's emphasis on "all sport plans", because, if they are carried through properly, they will address the problem in areas of London, such as my constituency, where substantial numbers of young people from black and ethnic minorities have not been participating for a variety of reasons. That will have to be built into the all-sport plan, which is where local communities will increasingly have to look to get their funding. This ambition can be achieved.

Londoners are paying a little bit extra, although I know that Scotland has its problems with what it will get out of this, as does Northern Ireland. On Northern Ireland, I ask the Minister for the Olympics, the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), the Secretary of State and the shadow Secretary of State to stop referring to "Great Britain", as that term excludes a substantial part of the United Kingdom. The name of the team should be Team UK. I have made that point to the BOA since my time as Sports Minister. I understand that Team GB might sound better, but it would not take much effort to start talking about Team UK, and we must stop referring to Great Britain. This is a games for the whole of the United Kingdom. Londoners are, however, paying a little bit extra.

Mr. Nigel Dodds (Belfast, North) (DUP): I have recently corresponded on the issue of the Team GB name with the Minister for the Olympics. It is an issue that has caused concern in Northern Ireland, and she has written to me, explaining that it is, indeed, the Olympic Committee of the United Kingdom of Great Britain and Northern Ireland—and, indeed, the other parts as well. I hope that this point is listened to carefully, and that we do not repeat the errors of the past.

Kate Hoey: I want my hon. Friend the Member for Loughborough (Mr. Reed) to have a chance to speak, but let me comment briefly on the siting issue. I know

that what I have to say will upset my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford). I agree that it is unimaginable—other than that it looked nicer, perhaps—for shooting to be being held at the venue in question. It should be taking place at Bisley, or in a new purpose-built Dartford centre. However—

Mr. Raynsford: Will my hon. Friend give way?

Kate Hoey: No, I will not allow my right hon. Friend to intervene as I know what he will say, and we disagree on this. We can agree to disagree.

Mr. Raynsford: Will my hon. Friend give way, as she raised an issue about my constituency?

Kate Hoey: No, I will not give way, as the issue has been raised already. Many Members have raised issues about other constituencies.

I have not seen the result of the KPMG report, and I am not sure what the task was, but I think it is important that we see the detail—

Mr. Raynsford: Will my hon. Friend give way? She raised a point affecting my constituency and refuses to give way.

Kate Hoey: I wish my right hon. Friend would grow up, but I shall give way.

Mr. Raynsford: My hon. Friend talked about the legacy for London and for Londoners. Will she tell the House how she, as a London MP, is helping the legacy for London and Londoners by moving that Olympic site out of London to somewhere far away when I have described the inspirational benefit of knowing that the Olympic games will take place in that area?

Kate Hoey: I am interested in the legacy benefits for the sport of shooting. The legacy benefits of having it at Woolwich would be absolutely nil.

I would also like to draw the attention of the Minister for the Olympics to the concern about equestrianism. As I understand it, the modern pentathlon does not need to use either of the equestrian venues, which has been the reason given. It is not too late to reconsider that—I think that we should.

I am obviously going to upset a few Members today, but I have particular responsibility for the grass-roots legacy of the Olympics. None of it is rocket science. We all know what is needed: more and better coaching and joined-up working involving groups such as school clubs and community clubs. Before the previous sports Minister, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), stands up and shouts too, I should say that he has done a great deal to work towards that.

Most of us in the Chamber are concerned about the same things. We want young people to have opportunities to participate, and we want those who have a talent to be picked up, helped and supported so that they can aspire to be an Olympian with a gold medal. However, there is still a huge gap in London that nobody is really thinking about: the facilities gap. Facilities are not funded in any joined-up way. Swimming pool after swimming pool has closed, including two just the other week in Redbridge. There is no plan to create new swimming pools, and if we do not show that we will get money for pools in the long term, we will lose a great deal of the inspiration that the Olympics will bring to many young people.

The challenge is that we sometimes have to say that sport cannot deliver everything. Because we have the Olympics and everyone is so excited about it, there is a tendency to think that sport can change everything in our society. Of course it can have an enormously positive effect on people's lives. It can be fun, and people playing sport can achieve personal development and health benefits, but there is an awful lot to be done by other people and through other interventions. Sport is not a magic solution to the world's problems, or even to the problems of our society. It can play a vital role in education, tackling crime, social cohesion and the other things that we see every day in our constituencies, but we need other interventions such as those by physical education and specialist teachers, of whom we are seeing more. We need people with knowledge and experience of working with families and with young people at risk to use sport, perhaps along with other measures, to deal with crime and help social cohesion initiatives.

As I said earlier, this is not rocket science. Everyone says the same thing, but it is interesting that people's views about how it should be done, and who should be responsible for delivering and paying for the work, often differ once we get into the details. That is part of the problem, because the detail is not very sexy and exciting. It is about the hard work that goes in, with small groups doing good things. With just a little extra money, those groups can expand what they do and we can put things right across London.

The legacy document will be practical and have one simple target: to increase participation in sport and physical activity in London. That will not be easy. As others have said, no other Olympics have increased participation in sport. If we want a different Olympics, we have to do that. The plan that will be launched in the new year will not be a wish list for sport. It will be ambitious but realistic, costed and, most importantly, achievable.

The matters that we will cover in the plan are no secret to anybody: facilities, access, people and structures. They always need readdressing all over the country, but they require investment. There will be investment through the Mayor's fund and the London Development Agency, but all the local authorities in London need to work together and work closely with the Government. I am happy to meet the sports Minister, as I already have, because we can make a lot of things happen in London. However, London cannot always be treated like the rest of the country. There are 33 London boroughs that all have different ways of working. If we are to get co-operation between them, it must be led and directed by the Mayor with the support of the Government.

I am confident that, despite all the financial difficulties, we can get the private sector involved. We have done that very well, although I am still worried that we do not have the money for elite athletes to which my hon. Friend the Member for Loughborough referred. We have to get that, and I do not want to see a plan, for example, for the men's Paralympic basketball team to be funded but not the women's because they did not get a medal. That would be wrong.

[Kate Hoey]

I ask the Minister for the Olympics to please ensure that we have an opportunity for another debate soon. May I also ask her about an advert that suggests that we might be able to save £50,000? I see that on 20 October, the Government advertised for an Olympic speechwriter at the cost of £50,000 a year. I presume that that was some kind of spoof, because I cannot believe that we are spending £50,000 a year on that.

We will have a wonderful Olympic games, but we have three and a half years to show that we can really make a difference to participation.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I inform Members that there are approximately 25 minutes left for Back-Bench contributions. If they can do the maths, everybody might get in.

3.16 pm

Robert Neill (Bromley and Chislehurst) (Con): I shall be as brief as I hope I am naturally. I have some brief points to make as a London Member. I, too, congratulate my hon. Friends on the Front Bench on securing this important debate. A lot of valuable contributions have been made, and I take on board what has been said by other London Members. However, I have a particular perspective on legacy as an outer-London MP.

We will not get the direct benefits that some other boroughs will. My concern, since my council tax payers in Bromley are contributing along with other Londoners, and are willing to do so, is that they get a fair share of such legacy as there is. That applies in two ways, the first of which is the sporting legacy, about which we are concerned on a number of fronts. First, there is real concern that, for reasons that have already been mentioned, the need to move money away from lottery funding of local and community sport to bail out some elements of the Olympic budget will have a bad impact on many small sports clubs in constituencies such as mine.

Secondly, there is the disappointment that the hon. Member for Croydon, Central (Mr. Pelling) alluded to: Crystal Palace, an iconic sporting venue in south London, does not seem likely to figure in the Olympic plans. We genuinely believe that that is a missed opportunity to regenerate what has always been south London's great sporting sub-regional centre. I hope that even today, even if it is a training facility, something can be done to give some legacy to people in south London, who are contributing to the Olympic effort and want it to succeed as much as anyone.

The third concern that many in my constituency have is economic. Often, the large contractors come with their own established supply chains. Many businesses in south-east London are small and medium-sized enterprises. When I talk to local business men at the chambers of commerce and so on, they express concern that they are finding it difficult to get into the supply chains, much of which are predetermined by large principal contractors. I hope that the Government will ensure that that is borne carefully in mind. Those people want a fair crack of the whip and to see some of the action both in economic terms and in direct sporting paybacks. Otherwise, given that many of them will not be able to get to the games physically, there will be sadness that less sporting opportunity, not more, is available in places such as Bromley.

My second point is on free swimming, which I make no apology for returning to. I wrote to the Secretary of State about nine days ago, and I am sure that the Minister will gently remind the Department that we would like a reply. Because of the demographics of Bromley, where some 17 per cent. of the population are over 60, the shortfall that Bromley council tax payers would face is £120,000. That is an awful lot of money and a significant disincentive. Ironically, about 30,000 over-60s from my borough and the surrounding ones already swim in pools in Bromley. Not only is there the disincentive of a funding shortfall, but the scheme is not flexible enough to allow Bromley to concentrate such resources as might be made available on those who do not swim, instead of having to give a blanket subsidy, including to those who are happy to swim and do so at the moment. Perhaps the Minister could examine the operation of that scheme, because it seems to involve an unintended and perverse consequence.

My third point is about sport in schools. Bromley has very good school sport, and I accept that work is being done in this area, but more remains to be done. For example, we know that about 2.1 million children across the country are still not involved in competitive sport. I therefore welcome the Mayor of London's statement that he intends, in his revisions of the London plan, to place a particular premium on protecting school sports fields. I generally welcome the approach that Mayor Johnson has adopted towards working constructively with LOCOG—the London Organising Committee of the Olympic Games and Paralympic Games—and the other Olympic agencies to ensure that we deliver an imaginative and festive Olympics, within a budget capable of being constrained and met by us all. I say that because, as the Minister will know, Londoners still have a potential contingent liability if we do not get things right. I am sure that we all want to work together to ensure that we do get them right.

Finally, I wish to discuss an overlap between the sporting legacy and the point made by my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale) about the tourism feature. I do so at the risk of incurring the wrath of the right hon. Member for Greenwich and Woolwich (Mr. Raynsford). Many people in south-east London are concerned that although the equestrian events in Greenwich park will obviously bring a sporting interest—I do not seek to diminish that—there might be a risk of damage to the park, which is a world heritage site. I put this as mildly and gently as I can, because it has been flagged up in a number of well-researched publications. People are concerned about a potential perverse consequence. There may be a sporting advantage in holding those events at Greenwich, but without cast-iron guarantees that the park will not be done lasting harm, the tourist legacy, which is so important, might be damaged in the longer term. I hope that the Government will make absolutely sure that nothing happens to damage that, because Greenwich park is of huge value to the right hon. Gentleman's constituents and to people from surrounding areas who come to enjoy it. Nothing should happen to prejudice that key open-air space for people in our part of south-east London.

With those deliberately short remarks, I, like all in the Chamber, again commend the Olympic project to hon. Members. I am grateful to my hon. Friend the Member for South-West Surrey (Mr. Hunt) for securing the debate. I hope that those issues that affect outer London as well as the Olympic boroughs will not be overlooked.

3.23 pm

Mr. Andy Reed (Loughborough) (Lab/Co-op): I am sure that you will appreciate, Madam Deputy Speaker, the frustration felt by hon. Members on both sides of the House about the lack of time remaining in this debate. So, in conclusion—*[Laughter.]* I wanted to raise a number of issues, but I shall boil them down to just a couple.

I am pleased that my hon. Friend the Member for Harrow, West (Mr. Thomas) was in the Chamber just a few moments ago. I was interested in Olympics before we even bid, and my hon. Friend and I toured around visiting Ministers and others to try to convince them to bid in the first place. The Olympics are a great pleasure, and I declare an interest as somebody who has been involved right from the start.

The only reason why I ever wanted to see the Olympics come to the UK was the soft legacy, both for elite and community sport. Probably, 2012 will be the point at which I finally stop playing rugby—my wife will be delighted to learn that I have set a deadline at last—and so I will be one of the casualties of 2012, but it is true to say that the only reason why we need the games to succeed is to ensure that that soft legacy is provided in 2012. The most important measurement will be done in 2016; it will not be where we come in the medals table in 2012. Of course, I want us to come fourth and to do better, as well as to increase our participation rates, but the real measurement will be in 2016, and it will assess whether we have sustained that growth and interest that comes after 2012.

The first of the issues from my original list on which I want to concentrate is the £100 million—it will now probably be about £79 million, if we genuinely do have the additional money from the lottery. The problem remains that by December, UK Sport will have to start to allocate the funding for the remaining four years. Everybody knows that the reason why we did so well in the Beijing Olympics was that no compromise was made. The athletes did their bit, but so did all the support staff—the people who surround the athletes. It is only when no compromise is made in every part of the preparation for an Olympic games that those involved make the difference that ensures that they get a gold, sliver or bronze, or even come fourth. We got lots of people into finals. Our athletics team did okay, because many more of our athletes got into finals than it was thought would get there, but the difference between winning and losing at that level is tenths or even hundredths of a second. A no-compromise approach for 2012 means that for the next four years we must get the same level of commitment from the Government and from all those other people. The reality is that a shortfall remains. The medal hopes scheme, which has been explained to me, does not plug that gap as far as I can see. We need the necessary level of certainty to be provided as quickly as possible.

I have not got time to go into all the problems with the current scheme and the fact that UK Sport does not necessarily have many rights that it can put out into the market. I simply urge the Government—I hope that I am being helpful in doing so—to ensure that there is something to take to the Treasury to ensure that the situation is sorted out. I was involved in trying to secure the £300 million in the first place, so I am delighted that we have got it, but this other money is crucial. How sad it would be if, by Christmas, we were cutting programmes after we have all just celebrated some fantastic victories.

Many of those victories originated in Loughborough. I have mentioned often enough the contribution that Loughborough makes, so I can skip over it now and not upset the hon. Member for Bath (Mr. Foster), but it is in places such as Loughborough that the nations and regions will benefit from what is happening in 2012. Many of the leading nations have visited and have subsequently made decisions; I hope that a nation such as Japan will perhaps base its team at Loughborough. What a fantastic cultural Olympiad that would bring—an event with flavour and a difference. I believe that about 150 international athletes are on campus at Loughborough university, so bringing an international flavour would be fantastic.

The other area that I wish to discuss is volunteering. I have the honour of chairing the Strategic Partnership for Volunteers in Sport, which is the national voice that speaks up on behalf of the 4 million to 5 million sports volunteers who ensure that community sport is delivered week in, week out right across our nation. Without community sport and, in particular, without those volunteers, many of the aspirations about which many hon. Members have spoken just would not be realised. We may sometimes say platitudes about the value of volunteers—we all say that we know how valuable they are—but if we look around in our communities, we see the contribution that people make, week in, week out, to their community sports clubs. That is absolutely phenomenal, and without such people, none of this would happen.

I would like to say a lot about nations, regions and strategies. As my right hon. Friend the Minister for the Olympics knows, I am very disappointed with the legacy action plan—I have written to her several times over the past few years and have tried to hold meetings about it. However, I have got to the stage where I do not care about whether strategies look good or how many action plans there are; we just have to get on with it in the nations and regions. The reality is that not much new money will be coming our way, but we have many existing schemes to work with, so rather than just moaning and whinging, it is down to each of us, in our own constituencies, nations and regions, to get on with delivering the soft legacy. It is a tall order, but because of our great sporting tradition, the army of volunteers and the people totally and passionately committed to sport in this country, we can be the first nation to deliver a soft legacy.

I urge the Minister to respond to some of the points raised today, especially the one about the £100 million; the issue is potentially a disaster. Many jobs in my constituency depend on funding for elite sport through the English Institute of Sport at Loughborough university, and it is also in the nation's best interests to sort the matter out as quickly as possible.

3.29 pm

Mr. David Amess (Southend, West) (Con): I had the honour of chairing the Committee stage of the London Olympics Act 2006, when the right hon. Member for Sheffield, Central (Mr. Caborn) was a sports Minister. I congratulate all those responsible on bringing the Olympic games to this country, and I very much hope that we will all be alive in 2012 to enjoy them. I also congratulate my hon. Friend the Member for South-West Surrey (Mr. Hunt) on initiating this debate and the positive way in which he made his points. I agree with the hon. Member for Vauxhall (Kate Hoey) about this being an important matter, and it is a shame that it has been left to the Opposition to raise it.

Issues have been raised about who closed sports fields and what left-wing councils thought about children playing games. However, I was here when the National Lottery etc. Act 1993 was debated, and I do not recall unanimous support from Labour Members for the lottery. I pay tribute to the former Prime Minister, John Major, for the way that the lottery has turned out. There is no doubt that the money channelled into encouraging young people to enter the Olympic games has paid off.

It is a shame that the hon. Member for Leyton and Wanstead (Harry Cohen) is no longer in his place, because I agreed with everything that he said about football. Some premiership footballers are overpaid and under-perform, and it is an absolute disgrace that we did not have a team in the Olympic games—we must have one in 2012. The hon. Member for West Ham (Lyn Brown) will know that I am a West Ham boy, and I am very proud that some of the Olympic games will take place in West Ham. As a product of St. Bonaventure's grammar school, I endorse entirely all her remarks about West Ham's legacy opportunities.

I know that my hon. Friend the Member for South-West Surrey had the opportunity to visit Southend and will agree with all my points. Southend wants to be at the heart of the Olympic games celebrations. Although we are just on the cusp of London, the games present us with a real opportunity, and I was glad to hear what the Minister for the Olympics said about the opening and closing ceremonies. Southend has the longest pier in the world, but she will be aware that we have had three fires and that we are desperately engaged in its restoration. Sir John Betjeman once said:

"The pier is Southend, Southend is the pier".

It is a grade II listed building. We do not need to compete with Beijing—we will not need to bus people to the various events, because they will flock there in their thousands and millions to enjoy the activities—but will the Minister help Southend restore the pier? The opening and closing ceremonies could be a spectacular opportunity for it.

The Secretary of State mentioned swimming and spoke about gentlemen swimming once a month and ladies twice a month. I am delighted to say that a swimming pool will be built in Garon park, with 95 per cent. of the cost borne by Southend council tax payers. I am very grateful for the support from Sport England, but we would like a little more. The swimming pool will be used as part of the training ground, and I am very pleased that some Paralympic events will take place there.

I am delighted that Essex county council has splendidly grasped the opportunity to participate in the Olympic games. The biking event will take place in an adjoining constituency, and Southend council—my hon. Friend the Member for South-West Surrey mentioned this when he opened the debate—is very concerned about the tourism legacy.

I am delighted that Southend council has had discussions with Newham council about having a sort of river-bus service between our two towns. If there is something that we should celebrate, it is the River Thames. This is a wonderful opportunity for us fully to utilise the river.

I had a very long speech prepared, but I shall simply say that we have two living examples of sporting prowess in Southend. Katrina Hughes, an 18-year-old product of the excellent Westcliff high school for girls, is one of the elite athletes in sailing. Of course, Mark Foster, who was educated and born in Southend, was waving and carrying the flag at the opening ceremony.

The Secretary of State tried to savage his opposite number, but I did not feel that he was entirely successful. He will recall from when he was a member of the Select Committee on Health our inquiry into obesity. Trying to engage more people in sport and activities must be another lasting legacy.

We will not argue about who was responsible for bringing the Olympic games to London in 2012. I congratulate everyone involved in that process. We want to ensure that we grasp this golden opportunity to celebrate the sporting prowess that we have in the UK. Let us encourage all our young people to get cracking to ensure that they are on the rostrum in 2012, beating the 47 medals that we got in the Olympic games this year.

3.36 pm

Tom Brake (Carshalton and Wallington) (LD): I congratulate Team UK on its fantastic performance at the Olympics. I also want to state how proud I am of David Weir, a double gold medallist and wheelchair athlete from my constituency.

I welcome the focus on the sporting legacy and want to raise a couple of points. First, I want to encourage the Government to talk to the Swimming Teachers Association, which feels excluded from discussions on swimming. I think, too, that the Government need to look at the fact that the funding package is for only two years, which is causing local authorities some concern.

On the subject of branding, there is still concern among local authorities that the Inspire programme might not be sufficient in raising the profile of what they are already doing in their constituencies and boroughs.

On the subject of an infrastructure legacy, we have already referred to the North London line. I hope that it is secure and that it will remain as a long-lasting feature of the transport system in London.

On the subject of the additional legacy, I know that Ministers are aware of the proposal from the Field Studies Council for a London education centre based in the Olympic park. That is certainly worthy of further investigation. I know that the Government are considering it, and I hope that it will come forward as a concrete plan in the not too distant future.

Finally, on the subject of the sporting legacy, a couple of subjects have not been mentioned at all in the debate, the first of which is the legacy for people with learning disabilities. Post-2012, there must be something in place to enable that group, who are perhaps the most disadvantaged of all, to access sport and to participate fully. There needs to be a legacy for them. I want to encourage the Government to do everything they can to secure that legacy.

Finally, post-2012, there is the issue of the legacy for UK Deaf Sport. The focus on the Olympics and Paralympics has meant that that organisation has not received much support. Post-Olympics, the Government need to come back to that.

That is all that I can say in the time available, but I want to echo the words of the hon. Member for Vauxhall (Kate Hoey). The different criticisms that Members have made were not about nit-picking, but about trying to make the games even more successful in 2012 than we hope that they will be.

3.39 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I have always thought that one of the most striking things about the Olympics is that the term "Olympic legacy" means so many different things to so many different people. Today's debate has entirely reflected that and, I hope, has highlighted the need for a further debate in Government time on these important issues.

During the course of the afternoon, we heard from the hon. Member for Bath (Mr. Foster)—Bath is the host of the UK school games—and the hon. Member for West Ham (Lyn Brown), who spoke rightly of her pride in the fact that her borough will host the Olympics. We share that pride.

We also heard from my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), the Chairman of the Select Committee, and I congratulate him on his report. In addition, the hon. Member for Vauxhall (Kate Hoey) deserves to be congratulated both on her initial report, "Raising the Bar", which, as she correctly said, formed the basis for the development of sports policy, and on the work she does in London: we look forward to her report in the new year, and the action that will follow.

My hon. Friend the Member for Bromley and Chislehurst (Robert Neill) spoke very well about the Olympic legacy for his constituents, while the hon. Member for Loughborough (Mr. Reed) raised the important issue of the missing £100 million. He also spoke about volunteering, and I thank him for his work in that regard. My hon. Friend the Member for Southend, West (Mr. Amess) spoke absolutely correctly about the impact that the lottery has had in this area since it was introduced in the mid-1990s. He also described the legacy for his constituency, with the restoration of the pier at Southend. Finally, the hon. Member for Carshalton and Wallington (Tom Brake) spoke briefly but well about swimming and branding.

Right at the outset, it is worth saying that there are substantial areas of the Olympic project where we as a party support the Government. We share the Olympic Minister's determination to deliver London 2012 on time and within the main public sector funding package of £9.3 billion, and it is important that the wider Olympic movement understands that. In the current financial situation, there can be no further public money.

I believe that that understanding is important for our national reputation for delivering major infrastructure projects. It will also enable us to scale down the Olympic budget in such a way that parts of the world that have never dared bid for a games in previous years can have the confidence to do so in 2020, 2024 and beyond. However, at the core of the motion is the question of sports legacy, and I pay tribute to the report from the Culture, Media and Sport Committee that has driven this debate.

London's pledge to enable young people through sport was at the heart of our bid. Pitched to an audience of former Olympians and sports administrators, it is probably the single biggest reason London is the host city in 2012. The challenge before us today is to fulfil that promise to the International Olympic Committee, and to do whatever is necessary to enable us to benefit from the surge in enthusiasm, interest and inspiration generated from London 2012.

What needs to be done? As always with sport, the task can be divided into three main areas: elite and high-performance sports, school sports and mass participation. Let us take the elite and high-performance area first. There are three main issues that need to be tackled. The first is the one mentioned by the hon. Member for Loughborough—the missing £100 million from the private sector that was promised by the Prime Minister in his March 2006 Budget when he was still Chancellor, but not yet delivered.

I always thought that that was going to be an extraordinarily difficult commitment to fulfil. Even before the current economic crisis, LOCOG, the BOA, sport governing bodies and individual athletes were scouring the market looking for private sponsorship. I always doubted that a private company would pick up what many consider to be a Government funding shortfall.

However, UK Sport planned, perfectly reasonably, for the full £600 million. As the hon. Member for Loughborough said, it would be disastrous if, in the aftermath of our most successful Olympics ever and before our own home Olympics, there had to be cuts in elite athlete training programmes. In my view, the Prime Minister's promise must be kept, and that amount paid in full.

The second issue affecting elite and high-performance sport is the funding of the new National Anti-Doping Organisation. That has not been mentioned this afternoon, but I do not think that any hon. Member, of any party, would say anything other than that doping arguably represents the single greatest threat to Olympic sport. It is vital, particularly for us as the host nation, that we have the highest possible anti-doping standards in place.

The Conservative party has always argued for a fully independent anti-doping agency, as highlighted some years ago in the cross-party report from the hon. Member for Vauxhall. I am delighted that the Government have reversed their previous opposition to such a body, and I urge them to agree the necessary funding as a priority. While they are about it, the logical next step is to put the sport dispute resolution service, Sport Resolutions, on an independent statutory basis to give it the teeth that it needs to tackle sports disputes.

[Hugh Robertson]

The third element in this area is the legacy for individual Olympic sports.

Mr. Raynsford *rose—*

Hugh Robertson: The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) jumps to his feet at that, but it is difficult to be absolutely clear about that legacy in advance of the publication of the KPMG report due out next month. However, as my hon. Friend the Member for South-West Surrey (Mr. Hunt) said earlier, it would be a tragedy if each individual Olympic sport did not receive a tangible benefit from London 2012. I am sure that all hon. Members will agree with that.

If there is to be a legacy for school sport from London 2012, it has to be in two areas: more pupils should have the opportunity to play sport at school, a point the Secretary of State touched on at length, and, crucially, fewer of them should give up when they leave school at 16. It is to our shame that over successive years—indeed, over successive Governments—the UK has had one of the worst post-school drop-out rates in Europe.

I pay tribute to the work of the Youth Sport Trust, and completely support the drive for more competitive sport in school, but four areas need greater attention. The first, which we must make an absolute priority—almost a crusade—is to reach the 10 per cent. of children who do not have the basic two hours of sport at present. There can be no excuse whatever for that, particularly as 78 per cent. of schools already provide it as part of their in-curriculum PE lessons. We must put that right.

Secondly, we must take a more considered look at sports provision in primary schools. One of the flaws in the existing strategy is that it concentrates too much—at least in my view—on secondary provision, by which stage it is too late. If we can enthuse pupils at primary school it is likely that the love of sport and exercise will stay with them for the rest of their lives.

The third area is inspiration, which is a constant theme when people talk about London 2012. There is an important role in that regard for the British Olympic Association as the guardians of Olympianism. We need to inspire all 450 school sport partnerships with the spirit of 2012. I want Olympians in every school and school games in every county. It is an organisational rather than a funding challenge, and the results can be spectacular, as those of us who saw the Kent school games this year are aware. I was lucky enough to open the games with Kelly Holmes. Kids from every school sport partnership in the county took part in a competitive county sports day; it was fantastic.

Finally, there is mass participation, or community sport, which is central to the London 2012 vision and has been the area of greatest concern, as was highlighted in the Select Committee's report. Cuts to lottery funding, constant changes of strategy at Sport England and increased bureaucratic overload have contributed to the damning statistic that in a decade of lottery funding there has been no meaningful increase whatever in the number of people playing sport.

The solution is relatively simple. First, the Government need to restore the lottery to its four original pillars, correcting the situation whereby the amount of lottery funding distributed to sport fell from £397 million in 1998, when the Secretary of State was a special adviser, to £209 million last year—a cut of nearly 50 per cent. Once that funding is restored, the second thing is to ensure that the correct delivery mechanisms are in place to drive up participation rates. I shall cheer up the Secretary of State by saying that I entirely support the new strategic direction of Sport England—to deliver increases in mass participation through the sport governing bodies—although I have to tell him that was exactly what we proposed at the last general election, and it is exactly what was in the cross-party "Raising the Bar" report some years ago; I only regret that it took so long to bring it about. It is unforgivable that Sport England, the Government agency involved in delivering that key pledge, has been without a chairman for more than a year. The chief executive has done a fantastic job, and we all congratulate her, but she should never have had to deal with all those things on her own.

Finally, we need to encourage and incentivise local communities to engage in London 2012. A good start would be for many other local authorities to emulate the approach taken by the London Mayor and the hon. Member for Vauxhall in ring-fencing community sports funding in the London Development Agency budget and spearheading a drive to target grass-roots sport.

Four months ago in Switzerland, the International Olympic Committee told me it wanted four things from a host nation Government: strategic direction, a budget, security and an identifiable legacy. Our motion and the debate have concentrated on the last of those—the legacy. It was the key commitment of the Singapore bid and, as highlighted in the Select Committee report, it remains the most difficult of those objectives to fulfil.

The Government can react to the debate in one of two ways. Either they can try to claim that everything is perfect and that nothing needs to be done, or they can acknowledge the central feeling on both sides of the House that a certain amount has been done, but that much more needs to be done if we are to deliver a really meaningful mass participation sports legacy from London 2012.

3.49 pm

The Minister for the Olympics (Tessa Jowell): I should like to join everybody else in paying tribute to the quality of the debate. I welcome the fact that we have had this debate, and hope that we will have many more in the period—a little short of four years—ahead. One of the most important things about the Olympics is that we, both as parliamentarians and in all the other responsibilities that we exercise, are guardians of an event that it is an extraordinary privilege to host. It will create memories that will last for ever in the lives of all the people whom we represent. We will never have quite the same opportunity at any other point in our lives. As I say, I welcome this debate, which has been inspired by the performance of our Olympians and Paralympians in Beijing.

I had the great privilege of spending yesterday with the British cycling team—the coaches, the performance director and the psychiatrist—in Manchester, and I am sure that the whole House would like to wish them all the very best for the cycling world cup, which takes

place at the weekend. I saw the velodrome doing what it was intended to do—providing a world-class training facility for the best cyclists in the world. It is being used by community organisations of all ages, including an over-50s cycling club and children. I think that I am right to say that it is the most heavily used velodrome in the whole of Europe. When Chris Hoy launched the plans for our velodrome in Stratford park, he said that he believed that it would be the best in the world, so we need no amplification of our ambition. Despite the tendency to resort to our usual habits, it is important that we maintain cross-party agreement on how we manage, deliver and develop the games. That is important for any event that spans a Parliament, and that relates to my point about looking after something on behalf of the whole nation, rather than a particular political party.

Five legacy promises were set out in the legacy action plan, which has had a bit of knocking this afternoon. It is a fact that investment is being made in sports participation and London transport. The investment ensures, almost counter-cyclically, that £6 billion—worth of contracts are regionalised, as far as possible, and relate to areas beyond London. That is all part of a clear commitment not to accept the inevitable about the Olympics, as has been the fate of other cities, but to drive the Olympic ambition in the direction that we want.

We have big legacy ambitions, and one of the reasons our bid was so passionate had to do with the potential for legacy and the change that would occur before the games took place. When we won the bid, the games were seven years away. The delivery of legacy is complex, but the delivery structure is clear. The responsibility is shared between my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), who is the Minister with responsibility for sport; the Mayor, who has some responsibility with regard to the Olympic park; and the London Development Agency. There is also a cross-Government legacy delivery responsibility, covering all other relevant Departments. The five boroughs also have an absolutely critical responsibility to work with Government to ensure that the Olympic park does not become an island of regeneration, with the area at its edges remaining unchanged. The Olympic boroughs, and my hon. Friends who represent them, share a passionate commitment to ensuring that that is not the case.

Our ambition is clear, and it focuses on two of the five legacy promises—the two that, beyond all others, define what we are trying to achieve. The first relates to the regeneration of east London. That has been raised by a number of hon. Members, so I shall touch quickly on specific points. Yes, community use is designed into the aquatic centre and, yes, discussion will go on with the boroughs about their later proposal for a leisure and fitness facility. Yes, work is under way to ensure that once the Olympic stadium comes down to its legacy size, it will be a vibrant centre of sport and activity—not just for young people in the Olympic park, but for those from beyond.

In her excellent speech, my hon. Friend the Member for West Ham (Lyn Brown) made a particular point about affordable housing. Some 30 per cent. of the housing in the first stage will be affordable. There will not be a polyclinic at the first stage, but there will be one as part of the second stage, as the number of homes increases to 9,000.

The debate about the international broadcast centre and main press centre captures our dilemma perfectly: should we build what will in effect be a temporary shed, for which at the moment there is no long-term tenant, at considerable cost? Should we invest extra, at the risk of there not being a long-term tenant? Alternatively, should we stick with the original ambition that is so important for the Olympic boroughs in respect of the scope to offer up to 8,000 aspirational jobs in sunrise industries, the new and developing technologies? That is the dilemma, which we have not yet resolved. We will, of course, engage Members of Parliament, the Olympic boroughs and potential tenants in helping us resolve it.

In response to the points made by my hon. Friends the Members for West Ham and for Hackney, North and Stoke Newington (Ms Abbott), I should say that we are going to track local jobs. The proportion of local people working on the park is now up to 24 per cent., from 19 per cent. in the last quarter.

My hon. Friends the Members for Loughborough (Mr. Reed) and for Vauxhall (Kate Hoey) are absolutely right about the importance of soft legacy and of having a sustained legacy for participation. That is why there is investment in new facilities through Building Schools for the Future and other programmes. There is a commitment to 3,000 coaches and a third of young people getting engaged in sports clubs as a first stage. There will be 1,000 young ambassadors throughout all our school sport colleges, talking to other young people, as only young people can, about the benefits and joys of sport.

I should like to say two more things. The first is about the fraught question of shooting at Bisley, equestrianism at Greenwich and basketball. We have commissioned a report. All the venues are temporary. I spent a lot of time looking at the equestrian and shooting venues in China. We will make the decisions, but people should remember that one reason why we won the Olympics was that we agreed to bring shooting into the Olympic area and not have it at Bisley. We won because we promised a compact games. We are not operating on a blank sheet of paper and we cannot tear up past commitments; we have commitments to the International Olympic Committee and the expectations of the people in the relevant areas.

I want to finish by saying that whatever controversy the legacy plans have generated in the House this afternoon, our approach has received praise from the IOC and from no less a quarter than the *Sydney Morning Herald*, in which on 24 September the excellent Elizabeth Farrelly wrote that

"one quality sets London 2012 apart"

from the Sydney and other games:

"Legacy; an intelligent, strategic approach to the morning after."

She was referring to the morning after what will be the greatest games in Olympic memory, which will have benefits for young people and the east end for the rest of our lives.

Question put, That the original words stand part of the Question:—

The House proceeded to a Division.

Madam Deputy Speaker: Order. I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 236, Noes 283.

Division No. 299] **[3.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Richard Benyon and Mr. Crispin Blunt

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn

Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elliman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Bob Blizzard and Helen Jones

Question accordingly negatived.

Manchester City Council Bill [*Lords*] (By Order)

Order read for resuming adjourned debate on Question [12 June]. That the Bill be now read a Second time.

Question again proposed.

Mr. Christopher Chope (Christchurch) (Con) *rose—*

Madam Deputy Speaker (Sylvia Heal): Before I call the hon. Gentleman, I would like to remind the House of the ruling that the Chairman of Ways and Means gave at the start of proceedings on 12 June. As the content of the Bills on the Order Paper is similar, if not identical, it was judged to be for the convenience of the House to have a general debate to cover all six measures. However, when the House disposes of the Manchester City Council Bill, debate on the subsequent measures will be local-authority specific. It would be contrary to the spirit of the original ruling to seek to conduct a generalised debate on each Bill.

4.17 pm

Mr. Chope: I am grateful to you for reminding us of that ruling, Madam Deputy Speaker. I shall try to keep my remarks general rather than specific at this stage. When this debate was adjourned on 12 June, I was eight minutes into my remarks. Only 20 minutes of our three hours of debate on 12 June were taken up by hon. Members who are concerned about the Bills. The rest of the time was taken up by their sponsors and supporters. I therefore hope that those who are impatient to move things on will ensure that the other side of the argument can be heard, and will not try to curtail the debate before that is possible.

A number of things have happened since the last debate. The promoters have published a further statement in support of the Second Reading of the Bills, paragraph 4 of which is very partial. It says:

> "The Bills were debated on second reading on 12th June, when a number of MPs took the opportunity to speak in favour of them. At the end of the allotted period, the proceedings had not been concluded and the debate was adjourned."

There is no reference whatever to my hon. Friend the Member for Bridgwater (Mr. Liddell-Grainger), who made a succinct and pithy speech against the Bills, nor to my earlier remarks or the severe reservations that a large number of my right hon. and hon. Friends raised in interventions. I do not know whether this further statement contravenes the conventions of the House. I hope that none of the Members present will be taken in by paragraph 4, and that they will look at the rest of the statement with a similarly jaundiced eye.

What else has happened since our last debate? Quite a lot of things. First, my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) has become a father, and I congratulate him on that. Secondly, the pedlars resource centre has been established online at www.pedlars.info and, for the first time in this country, individual pedlars are realising that unless they get together and organise themselves, their future could be in severe jeopardy.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): My hon. Friend says that pedlars' future will be endangered if these provisions go through. Surely, if the provisions are properly controlled, the rights of genuine pedlars will be enhanced rather than endangered.

Mr. Chope: My right hon. Friend has got the line that is being promoted by the promoters of the Bill. However, if we look at the contents of the Bill, we see that they are totally incompatible with the preservation of individual pedlars' rights as they now stand. The proponents of the Bills are seeking to limit the rights of individual pedlars, so that they will only be able to go from house to house and from door to door. They will no longer be permitted to be pedlars in the streets as they are under the present law. On the basis that unlawful, rogue street trading is taking place at the moment, the Bills seek to penalise the lawful pedlar and take away the rights that he has had since legislation was introduced in 1871.

Mr. Michael Ancram (Devizes) (Con): I have to confess that I am not a great expert on this subject. However, I have had a representation from a constituent who tells me that part of the problem is that there is insufficient evidence to take a view on these Bills one way or another. Research is being carried out by Durham university, and an interim report—which has got been released—has been submitted to the Department for Business, Enterprise and Regulatory Reform. A further, full report will be submitted to the Department in November and released some time later. Is it not extraordinary that this legislation is going through before that research and information has been made available to the House?

Mr. Chope: My right hon. and learned Friend is absolutely right. I am sure that if he stays a little longer to listen to the debate, the ignorance to which he has confessed will be remedied. There is a valuable learning experience in store for him. He is always slightly self-effacing about his knowledge and abilities, but he has hit the nail on the head in identifying a weakness in the promoters' case: that the research project led by Durham university—which the Minister, whom I am delighted to see in his place, announced on Second Reading—has taken evidence and produced an interim report.

Miss Widdecombe: Will my hon. Friend acknowledge that the best research is practical? Some three years ago, Maidstone took measures of a very similar nature to these, and they have been a resounding success from all points of view. Is not that rather more telling than academic research, which might inform my right hon. and learned Friend the Member for Devizes (Mr. Ancram), but which will be nothing like as conclusive as practical results?

Mr. Chope: My right hon. Friend will know that there has been an opportunity for councils such as Maidstone to feed in evidence to the Durham university research project, where it can be balanced against any other evidence that there might be. Of course, what concerns me about my right hon. Friend's stance is that, contrary to the stance that she and I jointly adopted in last night's debate on climate change, when we expressed concern about unilateral action, she is now promoting the case for one or two councils to take unilateral action instead of a multilateral approach.

Miss Widdecombe *rose—*

Mr. Chope: I give way once more to my right hon. Friend.

Miss Widdecombe: I am very grateful. However, my hon. Friend's comparison with last night does not stand up at all. Last night, of course, we were talking about the idea of being the pioneers of that crazy action. What I am saying to my hon. Friend now, however, is that we have previous examples—in Maidstone and other councils—so the action is not unilateral, but follows something that is well established.

Mr. Chope: It may well have been established by Maidstone council, but my right hon. Friend will know from having looked at the detail of the six Bills before us that they vary in significant ways from many of the measures in the Maidstone legislation that is now on the statute book. One consequence of this piecemeal legislation is that problems that may have been evident in a particular locality are then transferred to another. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown) made that point from the Front Bench on Second Reading, arguing that there was a strong case for looking at this issue on a national rather than a local basis.

Sir John Butterfill (Bournemouth, West) (Con): My hon. Friend the Member for Christchurch (Mr. Chope) and my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) may remember that a Select Committee was set up in the other place to look into this matter. Is the research likely to be carried out by Durham university superior to that of a House of Lords Select Committee? The argument that my hon. Friend the Member for Christchurch (Mr. Chope) is now making—that it would be much better to have a blanket Bill covering all pedlars—was quite rightly rejected by Lord Bach, the Minister in the other place, who said that because of the dissimilarities between one borough and another, it was much more appropriate to bring forward individual Bills. He said that the Government had no intention of bringing forward a portmanteau Bill of the type that my hon. Friend is suggesting.

Mr. Chope: My hon. Friend is articulating a different point of view from the one articulated in June by our hon. Friend the Member for Bournemouth, East (Mr. Ellwood) and many other Members. As for whether the Durham university report represents good value for taxpayers' money, only time will tell, when we see its contents. All I can say is that I believe we should wait to see what it says. I would have liked to be able to see it today. I tabled a written question last week and received a holding reply from the relevant Minister on Thursday. Yesterday, I received a substantive answer, saying that although the interim report from Durham was already in the hands of the Minister and his officials, it could not be disclosed, and that the full report could be expected before the end of the year. It said that the report would not be available to the general public until the Minister had had a chance to look at it himself and take a view on its contents.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I have learned much about pedlars from my hon. Friend and parliamentary neighbour, who is aware of the interim stage of the Durham report. If he were to agree to Second Reading, he could apply to sit in Committee to examine these matters in more detail. By that time, the report would be complete in all its fullness, and my hon. Friend would have had the opportunity to study the detail.

Mr. Chope: Obviously, I will read the detail of the report if and when it becomes available. I do not know what will be the position of these Bills in Committee, but I very much hope that their promoters will hold back until we have the evidence from Durham university, as local taxpayers' money is at stake. If as a result of the Durham university report the Government decided that national legislation were appropriate, a great deal of money could be saved for private taxpayers through rates and council taxes. The Government might even be able to legislate on the framework basis for which the hon. Member for Bolton, South-East (Dr. Iddon) has campaigned, but we must wait and see what results from the report.

Martin Salter (Reading, West) (Lab): May I return to the point raised by the right hon. Member for Maidstone and The Weald (Miss Widdecombe)? As the hon. Gentleman will know, other councils—Medway, Newcastle upon Tyne, Westminster, Leicester and Liverpool—have promoted similar measures, which I understand have worked well in those areas. Is he aware of any problems resulting from private Bills such as the ones that Reading and other councils are seeking to put on the statute book?

Mr. Chope: Actually, I am. As the hon. Gentleman would expect, as a result of the publicity engendered by this legislation in the pedlar community, I have been the recipient of a fair number of representations. I shall say more about those representations later, in the context of the specific Bills that we are discussing, but in the meantime I can tell the hon. Gentleman that I have received strong representations about what has been going on in Leicester. Considerable concern has been caused by the fact that although Leicester city council's Bill was passed on the basis that its provisions would operate only in a limited part of the city, there is now a proposal to extend them throughout the city, to the detriment of people who have traditionally engaged in lawful peddling there.

The answer to the hon. Gentleman's question is that the Bills that have been passed so far have not been a complete success by any means, and there is plenty of evidence to suggest that the Bills we are discussing today seek to go further than those that have already reached the statute book. There is, for example, the extension of legislation to the use of services—and Reading, the hon. Gentleman's local authority, is trying to deal with the issue of touting. Although touting is not covered by all six of these Bills, it is certainly an issue in the Reading Borough Council Bill and, if I recall correctly, also in the Canterbury City Council Bill.

Mr. Ancram: I am listening carefully to what my hon. Friend is saying, and my learning curve is becoming steeper all the time.

My hon. Friend the Member for Bournemouth, West (Sir John Butterfill) challenged me as to whether I believed that Durham university's research was better

[Mr. Ancram]

than that of the House of Lords. I cannot answer the question until I have seen the results of the research, but what I do know, as a simple lawyer, is that when people argue on a subjective basis on behalf of particular local interests, it is better for those who, like me, are not involved in those direct arguments to see all the evidence—and that includes the Durham university evidence—before reaching a judgment. I suspect that most Members are in the same position.

Mr. Chope: What my right hon. and learned Friend says is plain common sense, which I hope meets with the consent of almost everyone.

Greg Mulholland (Leeds, North-West) (LD): May I give a practical example? Has the hon. Gentleman considered the effect on local charitable events? Every year the wonderful Otley Victorian fayre is held in my constituency—this year it will take place on Friday 12 December—and every year there is an absolute menace from unlicensed traders selling things in the street. The council can do nothing, the police can do nothing and the organisers can do nothing, to everyone's great frustration. Does the hon. Gentleman not agree that if the organisers want it, if local charities want it, if the local police want it and if—in this instance—Leeds city council wants it, he should not stand in the way of those who wish to improve an event and give councils powers to regulate activity of that kind?

Mr. Chope: The hon. Gentleman is under a misapprehension if he thinks that I am standing in the way of anything. What I am trying to do is ensure that we have a rational debate. I do not know the extent of the hon. Gentleman's reading on the subject, but if he reads a bit more he will find that some of the local authorities that are campaigning for the measures in the Bills and asking for a wider application of legislative measures would regard certain charitable activities as themselves offensive and in need of further regulation. In due course, I may be able to draw the hon. Gentleman's attention to specific evidence with which I can support that proposition. Therefore, let him not think that charities are at present the victim of the pedlar, and that they can only benefit from the activities of these councils if the Bills are enacted. The councils' agenda is to reduce some of the charitable activities.

In our previous debate, almost all the talk was to do with equating pedlars with rogue traders. After dealing with the Durham issue, I shall try to rebalance that by giving an example of a genuine pedlar who is doing great work in raising money for charity, which, if these Bills were implemented, he would no longer be able to do.

Mr. Peter Bone (Wellingborough) (Con): I have to say that in my Northamptonshire constituency there is not a flood of people saying, "We must have legislation on pedlars." However, I have listened to what Members have said, and if this is a national issue it should not be addressed in piecemeal fashion, but should be dealt with by the Government through national legislation. We are in an extraordinary position today.

Mr. Chope: My hon. Friend is absolutely right.

I was about to share with the House the avowed purpose of the Durham university research. When we last debated this matter, I asked the Minister to publish the terms of reference for the research, which he kindly did. It included the following:

"The purpose of the research is to gather qualitative and quantitative evidence on how the current street trading and Pedlars' laws are currently working.

Recent local authority and private Members' Bills have suggested that some local authorities may need greater powers to enforce street licensing and to restrict the activities of pedlars. However BERR wants to gather information about the level of issues nationally and views from key interested parties eg local authorities, street traders, pedlars etc before it reaches a decision on whether to amend existing legislation or introduce new national legislation."

Philip Davies (Shipley) (Con): I am grateful to my hon. Friend for educating me and other Members on this subject. It seems to me that there are two issues: whether those pedlars are a menace, and if so, whether that should be dealt with in this way. May I refer back to the intervention of the hon. Member for Leeds, North-West (Greg Mulholland), whose constituency borders mine? Does my hon. Friend agree that even if the pedlars are a menace, if action were taken on a Leeds city council basis, the upshot might well be to cause a problem in my constituency, so even if they are a menace, it might be in my best interests not to support the proposed legislation?

Mr. Chope: My hon. Friend is on to a very good point. Indeed, I have made it in relation to my Christchurch constituency. If the Bournemouth Bill were to pass into law, if there were an issue to do with rogue trading and peddling in Bournemouth—which is hotly disputed—that activity might well transfer either to the ancient borough and market town of Christchurch, or to Wimborne, or to Poole. That is why we should, as the Minister seems to have accepted, take the opportunity to look at this on a national basis and see whether we need to make any changes within a national legislative framework.

The Department commissioned St. Chad's college, Durham university to conduct the research, and the terms of reference stated:

"This should be complete this autumn."

I am sure my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) will be pleased to learn that it also stated that the research would include

"contacting all England, Wales and Scotland local authorities and trading standards as appropriate"—

not Northern Ireland—

"contacting street trader representative organisations and sample groups of street traders; contacting pedlar representative groups and sample groups of pedlars; contacting the police to establish numbers of pedlars certificates, costs involved in issue and problems with enforcement including knowledge of existing legislation; gathering statistics across all these organisations and from any other source, that cover complaints, enforcement activity and costs of this, numbers of certificates and licences issued and revoked with related costs and court cases and costs. Number of prosecutions of traders in the street for selling counterfeit goods and/or dangerous goods and whether they involved licensed street traders, non-licensed trading in the street, holders of pedlars certificates or people without pedlars certificates."

I congratulate the Minister on having developed such a broad, and, I think, highly relevant and pertinent, scope for that research project. The disappointment is that we do not have any of the outcome of that research available today to inform the debate.

In June, the Minister said that the university project would

"consider the current position, whether the existing powers are sufficient...and what—if any—different powers would be useful to the tackling of problems relating to street trading in our towns and cities."

He promised:

"Should the evidence...demonstrate that there is a case for national legislation, we"—

the Department—

"will assess the options available to us."—[*Official Report*, 12 June 2008; Vol. 477, c. 540.]

Mr. Bone: I understand entirely my hon. Friend's point that we do not have up-to-date information, but we do have some information provided by the Government on the number of prosecutions under the Pedlars Act 1871. One would think that, if there were a problem, those prosecutions would be increasing. In fact, the high point was in 2004, when there were 107 prosecutions. The number fell in 2005 and fell again in 2006, to 74. That does not indicate that there is a growing problem.

Mr. Chope: My hon. Friend is right to draw attention to those figures. Indeed, earlier today I was engaged in an interview for the regional BBC news, and the hon. Member for Reading, West (Martin Salter) was also present. He will bear witness to the fact that he asked the interviewer—not on camera—about the outcome of the investigation that the camera people had done down in Bournemouth, where they had gone to film pedlars in action. The interviewer had to admit that they could not find any pedlars, so they did not have anything to film. That may indicate that there is a certain exaggeration of the problem.

Mr. Ellwood: I am pleased that my hon. Friend finds the debate humorous. The problem is costing Bournemouth borough council tens or hundreds of thousands of pounds to get the Bill through. It is a serious piece of legislation, and if the problem were trivial or there were no problem, the council would not be trying to push it through. Nor would places such as Winchester, Southampton, Portsmouth and London have bothered to secure such legislation already. I think that he supports the idea that there should be national legislation to empower local councils, and I do not understand why he is so adamant about hindering Bournemouth's ability to do something about a local matter in the interim.

Mr. Chope: I tried to make my case clear to my hon. Friend in the interventions during the previous debate, but I shall make my Bournemouth-specific points when we discuss the Bournemouth Borough Council Bill in particular. At the moment, I wish to deal with the more general issues that relate to all six Bills.

When we talked in the previous debate about seeing whether we needed national legislation, the Minister kindly said that he would organise that research. He was working with the grain of the mood of the House. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown) argued from the Opposition Front Bench in favour of national legislation to deal with the problem. He said that if we dealt with it one council at a time,

"we could be merely transporting the problem to a neighbouring council."

The hon. Member for Manchester, Central (Tony Lloyd), who spoke to support the Manchester City Council Bill, said:

"The most sensible way forward is to have a national framework."—[*Official Report*, 12 June 2008; Vol. 477, c. 524.]

That was supported from the Liberal Democrat Front Bench by the hon. Member for Brent, East (Sarah Teather), as well as by my hon. Friends the Members for Mole Valley (Sir Paul Beresford) and for Canterbury (Mr. Brazier). I believe that the hon. Member for Bolton, South-East, whom I am pleased to see in his place, also supports the case for a national framework. So, in setting up this research project and asking for the work to be done by Durham university, the Minister was responding to a strong request.

Tony Lloyd (Manchester, Central) (Lab) *rose in his place and claimed to move*, That the Question be now put.

Question put, That the Question be now put:—

The House divided: Ayes 317, Noes 24.

Division No. 300] **[4.45 pm**

AYES

Ainger, Nick
Anderson, Janet
Atkins, Charlotte
Atkinson, Mr. Peter
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Balls, rh Ed
Barker, Gregory
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benton, Mr. Joe
Benyon, Mr. Richard
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Borrow, Mr. David S.
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burden, Richard
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clifton-Brown, Mr. Geoffrey
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Tony
Davey, Mr. Edward
Davidson, Mr. Ian
Davis, rh David
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dowd, Jim
Drew, Mr. David

Duddridge, James
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Engel, Natascha
Ennis, Jeff
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Fraser, Christopher
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hancock, Mr. Mike
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Horam, Mr. John
Howarth, David
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Ilsley, Mr. Eric
Jack, rh Mr. Michael
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Levitt, Tom
Lloyd, Tony
Love, Mr. Andrew
Luff, Peter
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mates, rh Mr. Michael
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Michael, rh Alun
Miller, Andrew
Milton, Anne
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Stephen
Olner, Mr. Bill
Öpik, Lembit
Ottaway, Richard
Penrose, John
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Randall, Mr. John
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Rennie, Willie
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Scott, Mr. Lee
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thurso, John
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaizey, Mr. Edward
Viggers, Sir Peter
Waltho, Lynda
Ward, Claire
Watkinson, Angela
Watts, Mr. Dave
Webb, Steve
Wicks, Malcolm
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Mrs. Betty
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Ms Diana R. Johnson and Ms Dawn Butler

NOES

Amess, Mr. David
Bellingham, Mr. Henry
Binley, Mr. Brian
Carswell, Mr. Douglas
Davies, David T.C. *(Monmouth)*
Davies, Philip
Evans, Mr. Nigel
Gray, Mr. James
Hands, Mr. Greg
Harper, Mr. Mark
Hollobone, Mr. Philip
Hurd, Mr. Nick
Knight, rh Mr. Greg
Lewis, Dr. Julian
Lilley, rh Mr. Peter
McIntosh, Miss Anne
Murrison, Dr. Andrew
Pelling, Mr. Andrew
Redwood, rh Mr. John
Shepherd, Mr. Richard
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Winterton, Ann
Winterton, Sir Nicholas

Tellers for the Noes:
Mr. Christopher Chope and Mr. Peter Bone

Question accordingly agreed to.

Question accordingly put, That the Bill be now read a Second time:—

The House divided: Ayes 307, Noes 11.

Division No. 301] **[4.57 pm**

AYES

Afriyie, Adam
Ainger, Nick
Alexander, Danny
Atkins, Charlotte
Atkinson, Mr. Peter
Bailey, Mr. Adrian
Baird, Vera
Baldry, Tony
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benton, Mr. Joe
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Borrow, Mr. David S.
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brennan, Kevin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, Mr. Russell
Bruce, rh Malcolm
Burden, Richard
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Clifton-Brown, Mr. Geoffrey
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dowd, Jim
Drew, Mr. David
Duddridge, James
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Engel, Natascha
Ennis, Jeff
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Fraser, Christopher
Gapes, Mike
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greening, Justine
Grieve, Mr. Dominic
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hancock, Mr. Mike
Hanson, rh Mr. David
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jack, rh Mr. Michael
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Kidney, Mr. David
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Dr. Julian
Lloyd, Tony
Love, Mr. Andrew
Luff, Peter
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mates, rh Mr. Michael
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Miller, Andrew
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moran, Margaret
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Stephen
Oiner, Mr. Bill
Öpik, Lembit
Pelling, Mr. Andrew
Penrose, John
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Pritchard, Mark
Prosser, Gwyn
Purchase, Mr. Ken
Randall, Mr. John
Raynsford, rh Mr. Nick
Rennie, Willie
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Syms, Mr. Robert
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thurso, John
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don

Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Vaizey, Mr. Edward
Viggers, Sir Peter
Waltho, Lynda
Ward, Claire
Watkinson, Angela
Watts, Mr. Dave
Webb, Steve
Widdecombe, rh Miss Ann
Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Wilson, Phil
Winterton, Ann
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Ms Diana R. Johnson and Ms Dawn Butler

NOES

Davies, Philip
Evans, Mr. Nigel
Gray, Mr. James
Hands, Mr. Greg
Harper, Mr. Mark
Hollobone, Mr. Philip
Hurd, Mr. Nick
Knight, rh Mr. Greg
Lilley, rh Mr. Peter
Moss, Mr. Malcolm
Tyrie, Mr. Andrew

Tellers for the Noes:
Mr. Christopher Chope and Mr. Peter Bone

Question accordingly agreed to.

Bill read a Second time and committed.

Bournemouth Borough Council Bill [*Lords*] (By Order)

Order for Second Reading read.

Motion made, and Question proposed, That the Bill be now read a Second time.

5.8 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I congratulate Members from the Manchester area on their success. I hope it gives an indication of the mood of the House, Mr. Deputy Speaker, and I seek your advice about whether there is some way to curtail the other debates so that we can vote on the proceedings and ensure that the Bill makes it through to Committee where we can scrutinise it further.

We had an open and frank debate in June, and further debate today, on the Manchester City Council Bill, so there is not much more to say. Like the other areas that are seeking legislative change, we have a dilemma in Bournemouth relating to the clash between the Pedlars Act 1871 and the Local Government (Miscellaneous Provisions) Act 1982. The problem is that, although a pedlar can carry on his work for £12.50 a year, a street trader has to pay £25 a day. The problem will not be resolved by any Government in the near future. I seek the House's support for the Bournemouth Borough Council Bill—

Several hon. Members *rose—*

Mr. Ellwood: I will not give way, at least not until I have finished my point. I hope that the House will support the Bill until all-encompassing legislation is introduced to empower any council in the country to follow the path that Bournemouth borough council and Manchester city council are taking.

Mr. Peter Bone (Wellingborough) (Con) *rose—*

Mr. Ellwood: I will give way once.

Mr. Bone: I am grateful to my hon. Friend for his generosity, but is he not making a case for national legislation? He has not said why Bournemouth needs a different Bill from Manchester. Should we not have national legislation, rather than piecemeal Bills, unless there are particular issues that apply to Bournemouth?

Mr. Ellwood: I urge my hon. Friend to read the *Hansard* of the debate in June 2008. He will then understand why the areas concerned require such legislation. There is no national legislation on the issue, and I agree that there must be, but it will not be forthcoming in the next few months, or possibly years. Meanwhile, it is costing Bournemouth and the other areas concerned huge sums of money to try to tackle the issue.

Sir John Butterfill (Bournemouth, West) (Con) *rose—*

Mr. Ellwood: I give way to my hon. Friend and neighbour.

Sir John Butterfill: My hon. Friend is aware, of course, that when the Bournemouth Borough Council Bill was debated in the House of Lords, Lord Bach, speaking for the Government, said that he was not prepared to bring in national legislation. He said:

"these are essentially local matters for local authorities to tackle as and when necessary...They can deal with issues causing significant harm or concern independently of what other local authorities may do."—[*Official Report, House of Lords*, 29 November 2007; Vol. 696, c. 1399.]

The Government have made it quite clear that they are not prepared to bring in national legislation; that is why we are forced to introduce legislation for individual areas.

Mr. Ellwood: My hon. Friend makes a valid point, and explains exactly why we are here today. Perhaps he can indicate, from a sedentary position, whether he wishes to speak on the Bill.

Sir John Butterfill *indicated assent.*

Mr. Ellwood: In that case, I will not call for a Division immediately.

5.12 pm

Sir John Butterfill (Bournemouth, West) (Con): I shall be brief, because all the general arguments about pedlars have been made, and it would be wrong to reiterate them, but there are one or two special circumstances in Bournemouth. The first concerns the lay-out of our town centre. The main shopping areas are divided by a parkland area. Licensed street traders work together in that area, and that bridges the gap between the two halves of Bournemouth. Unfortunately, the activities of some of the pedlars have caused obstruction. Some pedlars sell identical goods to licensed traders immediately outside those traders' premises. One pedlar sells balloons in the doorway of a shop selling balloons. Pedlars are supposed to keep moving under the Pedlars Act 1871. They are not supposed to block shop doorways, selling shoddier competitive goods. That is what is happening in Bournemouth. If one asks why our police cannot deal with the issue, I can only reply that Bournemouth police say that they

"are unable to take effective action due to the prohibitively expensive and lengthy process of monitoring traders over a long period to secure a prosecution."

That is why action is not taken, according to the police.

Mr. Bone: I think that my hon. Friend's argument is about enforcement, not legislation. In the previous debate, we heard that there have been prosecutions. I suggest that the problem is more a fault of the police. It is unacceptable, under existing law, for a pedlar to be permanently placed outside a shop. The police should take action.

Sir John Butterfill: That would be fine if we had unlimited policemen who were able to devote all their time to monitoring pedlars, but pedlars are itinerant. We would have to watch them to ensure that they were moving on as they should. That would require a long period of monitoring at a time when the police are busy stopping pickpockets and making sure that traffic can move. It is just not practical to devote scarce police resources to such activity.

Mr. Christopher Chope (Christchurch) (Con): Can my hon. Friend explain how Bournemouth is proposing to implement the undertaking given in the House of Lords about recognising the need to treat with a light touch the role of legitimate pedlars?

Sir John Butterfill: Yes, I certainly can. If pedlars behave as the Act that governs them demands, they will not have any problems at all.

5.15 pm

Mr. Christopher Chope (Christchurch) (Con): That was a very succinct response to an important question that I put on behalf of pedlars in general and pedlars operating in the Bournemouth vicinity in particular. An undertaking was given in the other place that a light touch would be used in dealing with the genuine pedlar. The Bournemouth Borough Council Bill, however, seeks to put all peddling in Bournemouth—other than that involved in house-to-house work—on an illegal basis. It would mean that anybody, notwithstanding their traditional pedlar's licence, who wished to trade on the street could do so only if they also had a supplementary street trading licence from Bournemouth borough council.

Sir John Butterfill: My hon. Friend will know that the original Act envisages that pedlars would walk, carrying their wares, from house to house. It does not envisage them setting themselves up as street traders.

Mr. Chope: My hon. Friend is engaged in a circular argument. Of course, the whole essence of the issue is that a pedlar is not a street trader but one who walks from place to place and town to town with his goods on his person. Those goods will often comprise such things as balloons, yo-yos and key rings. I have received representations from Frankie Fernando, for example. He is successful in peddling key rings, as a result of which he has raised considerable sums for charity. During the recession of the late 1980s, he had three shops in London that went bust; since then, he has pulled himself up, got on his bike—to use that expression—and become a pedlar in both senses of the word. He has gone from town to town and built up a successful business. The Bill will prevent Mr. Fernando from being able to come to Bournemouth to offer his services to the people and tourists there, notwithstanding the fact that he has operated as a perfectly lawful pedlar for the best part of 20 years. It is unconscionable that my hon. Friend should support a Bill that would outlaw that type of lawful enterprise.

Mr. Greg Knight (East Yorkshire) (Con): An earlier intervention stated that the need for the Bill was shown by the fact that Bournemouth borough council wants it and that it was spending money on it. Does my hon. Friend not accept that that argument has almost no merit? Local authorities can always pass on the cost of what they have spent to their council tax payers. Secondly, do not all local authorities have a vested interest in clamping down on pedlars if they can force those who were pedlars to take out an expensive street trader's licence?

Mr. Chope: My right hon. Friend is right. Nobody will want to take out a street trader's licence to sell balloons, because of the cost of such a licence in Bournemouth. According to information that I have been given by a third party under the Freedom of Information Act 2000, only two street trading licences are currently issued in Bournemouth, and they each cost £610. Mr. Fernando is not going to spend £610; even if he were able to claim such a licence, it would be totally uneconomical for him to do so.

[Mr. Chope]

I return to my original question: how does Bournemouth propose to be able to preserve the role of the genuine pedlar in pursuance of the undertaking that it gave in the other place in relation to this contested private Bill? There has not been a satisfactory answer to that.

Mr. Bone: In deciding my position on this Bill, I want to clarify whether it would stop a pedlar from going door to door on an estate selling his wares for just a £650 fee.

Mr. Chope: As I understand it, the Bill would not prevent a person in Bournemouth from going from door to door—

Mr. Ellwood: That is what a pedlar does.

Mr. Chope: My hon. Friend asserts, contrary to established case law and statute law, that that is what a pedlar does. If somebody goes from door to door, he can do so pursuant to a pedlar's certificate. A person can sell goods on the street pursuant to a pedlar's certificate providing that he complies with the terms of that certificate. There is a campaign of disinformation afoot to try to suggest that anybody who walks from place to place selling goods on the street—people come up to them and say, "Can I buy a balloon from you?", and they sell them a balloon, or "Can I buy a yo-yo?", and they sell them a yo-yo—is engaged in an activity tantamount to rogue street trading, and thereby undermining street traders and the role of legitimate shopkeepers, whereas that activity adds colour and vibrancy to our town centres, particularly those that are centred on tourism, and is perfectly lawful.

In the light of the way in which the joint promoters of these Bills closed down debate on the generality, I am concerned that their agenda is one of trying to be aggressive towards those who want to try to reach a compromise. As I said in the debate in June, I went to see Bournemouth borough council officials and councillors back in January to try to find a compromise that would offer a way through this. I waited for some months before I got a response. I inquired whether it might be possible to limit the scope of the Bill in some way—for example, by saying that it should apply to only a small part of Bournemouth, namely the centre. I then suggested that it could impose a much clearer restriction on a pedlar's right to sell goods if they had any wheeled vehicle with them. I made a whole series of different compromise suggestions.

The response that eventually came back, once I had prompted it from the acting borough council solicitor, was that the trouble with such a compromise was that it would cut across the common ground of all the other Bills, which are being promoted by one group of agents. In fact, however, the individual terms of these Bills are distinct. The Bournemouth Borough Council Bill has different elements from the Reading Borough Council Bill, which we will discuss later.

I find it depressing that, despite my best efforts to reach a compromise on the matter, the promoters of the Bill have been stonewalling. They think that might is right and that they can use their majority in the House to force the measure through. If that is going to happen, and there is going to be a similar reluctance to accept amendments when we get to Committee, or in a line-by-line debate on Report, that will be a great disservice to the people of Bournemouth and the wider community and will bring the House into disrepute.

People outside expect us to sort out such issues in an amicable, common-sense way. In the previous debate, my hon. Friend the Member for North Dorset (Mr. Walter) raised a question about what happens if the matter is displaced from Bournemouth to Wimborne. Wimborne is covered by East Dorset district council, which also covers part of my constituency. What will happen to the area covered by Christchurch borough council? Christchurch is a much more ancient borough than Bournemouth, and has a status as a market town. It has a long-established market, and it is the second or third smallest borough in the country. If there is a big problem in Bournemouth, which is hotly in dispute, the question that the promoters of the Bill have failed to address is what will happen to smaller communities outside Bournemouth if the problem is transferred. A council such as Christchurch—a town with some 40,000 citizens—is in an even weaker position to start promoting a private Bill than Bournemouth council, which is a unitary authority, and has a population of more than 200,000.

Mr. Greg Knight: I am not sure that I understand where my hon. Friend is going. Is he saying that the Bill is unnecessary because there is not a problem in Bournemouth, and that he therefore does not think that any legislation of this sort is necessary, or that he is against the legislation because there is a concern that the Bill will push the problem elsewhere, and that he favours national legislation?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I say to the right hon. Gentleman and the House that there should be recognition of the fact that if individual Members feel in some difficulty on some of these matters, so does the Chair. It was determined at the start of the debate in June that there was sufficient similarity—if not identity, in certain cases—between the Bills for them to be taken together in debate. For good or ill, that debate has been determined, and by a significant majority, the House has approved the Second Reading of one of the Bills.

Many of the points that the hon. Member for Christchurch (Mr. Chope) is making, as he goes into more detail, need to be thrashed out in Committee. The Chair gave a ruling at the start of today's proceedings that because we have conducted the generalised debate on the first Bill, it would not be right to raise more detailed issues—the generality of the principle and the detail—on each successive Bill.

The House has given an opinion, and it would probably be in accordance with the wish of the House—although I am the servant of the House in this respect—that it be respected in considering the other measures. There may be slight differences between them, but the fact that they have been put together, and that the House accepted that, means that we should not be having a hugely detailed debate on each. I hope that the hon. Member for Christchurch will bear that in mind. Today is not the end of the process, and there will, as with all private legislation, be further opportunity for discussion between the promoters and hon. Members who have concerns.

Mr. Chope: I am grateful to you, Mr. Deputy Speaker, for your comments. My understanding from the earlier ruling is that we can no longer discuss the generalities because, although I was in only the early stages of a speech on the previous Bill, the House moved that it be brought to an end. I do not argue against that. However, although the Bills have similarities, their impact is a local matter. The impact of the Bournemouth Borough Council Bill on the borough of Christchurch is much more significant than that of the other Bills. The same applies to the borough of Poole and the people of Wimborne in Dorset. If I am not allowed to develop that argument, or allude to what Dorset police say about the matter, the special rules that they have introduced for pedlars' certificates and the information that I obtained under the Freedom of Information Act 2000 about the number of certificates that have been issued—

Mr. Ellwood: On a point of order, Mr. Deputy Speaker. I am worried that we are beginning to redevelop some of the arguments that we heard in June. I seek your guidance, but, bearing in mind the decision on the previous measure, your suggestion that today is not the end but that there is an opportunity to debate the matter on another occasion, and for fear of going over old ground, I should like to move that the Question be now put.

Mr. Deputy Speaker: I cannot accept that at this stage. I was listening to the hon. Member for Christchurch (Mr. Chope), who is a distinguished member of the Chairmen's Panel and has to rule on such matters from the other side, as it were. Of course, there may be specific matters to consider, but I urge him to bear in mind the general will of the House and raise the points that he may legitimately make, which relate specifically to the Bill. I was becoming slightly worried, from interventions and some of the hon. Gentleman's remarks, that, by simply tagging the word "Bournemouth" on to some of the points, we were again going over the matters that are common to all the Bills. I say to the hon. Gentleman and the House that we should respect the distinction, given the approach that has been decided to the six Bills.

Mr. Chope: I shall do my best to achieve that objective and walk the tightrope, which is a good description of what I have to do.

Mr. Bone: I am struggling with the fact that Manchester, which we have just debated, is totally different from Bournemouth, and I am therefore even more concerned if the Bills are the same.

Mr. Deputy Speaker: Order. I counsel the hon. Gentleman that he is in danger of trying to broaden the debate rather more than the hon. Member for Christchurch did.

Mr. Chope: I do not want to be tempted into straying out of order, so I will not comment on my hon. Friend's point.

I am disappointed that my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) wanted to put the Question before responding to my points. We try to be hon. Friends, but that is as close to a hostile act as one hon. Friend can perpetrate on another. It is only reasonable that, if a neighbour—from a neighbouring constituency and a neighbouring borough—wants to ask questions, the Bill's promoter should be willing to respond to such legitimate points rather than try to curtail debate and force a closure. I therefore hope that my hon. Friend will be patient and take some notes of my questions, in the way in which he will do when he is a Minister in the next Conservative Government. When hon. Members make points, the relevant Minister takes notes in preparing his reply to the debate.

I hope that he will start taking some notes and prepare a response to this debate, because it will be followed closely by both my constituents and his.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): On a point of order, Mr. Deputy Speaker. I have been listening carefully for the past minute, as I am sure you have. I am not at all certain that how a Minister behaves has any relation to the Bournemouth Borough Council Bill.

Mr. Deputy Speaker: That is not strictly a point of order, as I think the right hon. Lady probably knows in her heart of hearts. However, it at least emphasises the point that I have been trying to make, which is that we must keep this debate within fairly narrow terms, now that we have moved on to the second Bill in the group. I hope that the hon. Gentleman will respect that.

Mr. Chope: I am trying my level best to do so, Mr. Deputy Speaker, but all these points of order, spurious or otherwise, are putting me off my stride.

Mr. Deputy Speaker: I am sure that there is not a single hon. Member in the House who believes that for a moment.

Mr. Chope: As they say, Mr. Deputy Speaker, "Follow that." I do not know how I can follow it, but to summarise my point, I have no desire to elongate the debate. If we are to have a succinct debate, it is reasonable that when arguments are put forward, the sponsor should respond to them. Otherwise we set a rather bad example to those outside. However, whether my hon. Friend the Member for Bournemouth, East wants to respond is obviously a matter for him.

To reinforce that point, let me say that quite a lot of the questions that I have submitted in writing to Bournemouth borough council have not been answered, which causes me concern. For example, I asked the council whether it could give some evidence of the problems in Bournemouth, including the number of prosecutions and the extent of those problems, but I have received no answers; I have received just assertions, rather like the assertions in the statement issued by the promoters of the Bills. When we consider the Bills we should be guided very much on an evidential basis. If Bournemouth borough council has evidence, it should be disclosed.

This point was treated with some mirth when I raised it earlier, but the fact that a BBC television crew went down to Bournemouth to find out the extent to which pedlars were harassing the local population but could not find any pedlars is material evidence. That is something we should be considering. With my local knowledge of Bournemouth, I think that the town centre and the

[Mr. Chope]

Square have a very different character from the rest of Bournemouth, which includes the areas around Boscombe and even the seafront towards Bournemouth, East.

I am concerned that the Bill is unlimited in geographical scope. The intention is to impose the same restrictions upon pedlars in the outskirts of Bournemouth, which adjoin my constituency, as in the centre of Bournemouth. In so far as any evidence has been produced in support of the case against rogue traders and unlawful pedlars in Bournemouth, it has been confined to the town centre. I hope that my hon. Friend, in responding to this debate, will say why Bournemouth borough council is not prepared to limit the scope of the Bill to the town centre.

Mr. Bone: It would have been easy—perhaps the information is available, but it has not come to light in the debate so far—to discover how many prosecutions there had been in Bournemouth under the Pedlars Act 1871. That would give us a guide on how serious the problem is.

Mr. Chope: I do not have that information, but I do have some information from Dorset police about the number of pedlars licences that they have issued. The information is contained in a letter dated 31 January, which was written to me under the Freedom of Information Act 2000. Between 6 April 2007 and 10 January 2008, which was the latest period for which figures were available, Dorset police issued 33 pedlars' certificates and refused 15 applications and returned the fees. The police do not hold any information regarding revoked certificates.

Mr. Greg Knight: How valuable is that information? If, for example, someone obtains a pedlar's certificate in Hampshire and then goes to Bournemouth, surely he is not committing an offence. Simply to quote the Dorset figures might therefore not give a true picture.

Mr. Chope: Obviously it does not give a national picture. However, if I reinforce what I have just said with information from Dorset about how the certificates are issued there, that might give us a way forward in finding a solution to the problem. One way of separating out legitimate pedlars from rogue street traders is to ensure that we have a proper system for issuing pedlars' certificates. When someone applies for a certificate, the Dorset police ask the applicant what activity they propose to engage in. I am not sure whether that practice is followed in other parts of the country. The application form makes it quite clear that, if the proposed activity could be carried out only by using a wheeled trolley or some such apparatus, a certificate will not be issued. Neither will one be issued to a person of bad character or someone with no established address.

One of the correspondents who has written to me on this subject has made several sensible suggestions. He thinks that, before someone can get a pedlar's certificate, they should have to establish their identity—at least the certificates issued in Dorset, and more widely, now carry photo identification—and produce their national insurance number to show that they are in this country legitimately. He suggests that they should also have to produce evidence of where they live, and that they should be registered with Her Majesty's Revenue and Customs as self-employed. All those requirements would provide additional safeguards.

It is said that those who deal with enforcement in Bournemouth find it impossible to know whether pedlars' certificates that have not been issued in Dorset are genuine. However, there would be no difficulty in determining that if there were a national register of all the certificates that have been issued. Why should there not be such a register? We have all sorts of other national databases, and the information would be available from the police. In the case of Dorset, we are not talking about very large numbers. We are not, for example, talking about identifying all the cars registered in Bournemouth. We are talking about the relatively small number of pedlars' certificates issued in Bournemouth. Indeed, in Manchester, only 206 certificates were issued in the year for which I requested figures. These are not vast numbers.

If we had such a database, coupled with the other safeguards that I have described, it would be possible to separate the lawful pedlar from the rogue trader. It would also ensure that the holders of the certificates were of good character, as laid down in the 1871 Act and in the application form based on that legislation. That is an important safeguard. The proponents of the legislation say, "Oh, well, we cannot do anything about that; these people come along and they will lie through their teeth in order to present themselves as legitimate locally, when we think that they have forged papers and false identities and are probably"—

Mr. Deputy Speaker: Order. Let me share my difficulty with the hon. Member. The point that he is making now could equally be made in different contexts in the sense that it is a generic point. He is relating it specifically to Bournemouth, but it could equally well be made—he may be minded to make it—in the context of the next Bill under consideration or the Bill after that. I invite him to reflect on the fact that he is making a generic point, whereas I want to steer him back much more specifically to the Bill on Bournemouth.

Mr. Chope: I accept that the point is generic, but I have made it clear that the way in which the Dorset police deal with the registration of pedlars is commendable and that if more police authorities throughout the country followed that example, they would not have the problems that Bournemouth says it has.

Mr. Greg Knight: With particular respect to Bournemouth, is my hon. Friend satisfied with how the council says it is going to implement the light-touch pledge made to the House of Lords?

Mr. Chope: My right hon. Friend heard the response of my hon. Friend the Member for Bournemouth, West (Sir John Butterfill). All I can say is that I am not satisfied with the response. About a year after the undertaking was given, I would have expected more thought to have been put into exactly how to implement it in practice. I must say that I am disappointed. It may be because my hon. Friend wanted to be succinct that he was unable to expand on the issue as much he would have liked.

Sir John Butterfill: What I said was that if the pedlars were trading genuinely, they would not have a problem. Of course, the term "pedlar", to quote the Act, means

"any hawker, pedlar, petty chapman…who, without any horse, or other beast bearing or drawing burden, travels and trades on foot and goes from town to town, or to other men's houses",

but that is not what these people are doing. Frankly, many of Bournemouth's pedlars have licences from outside Bournemouth, some from as far away as Manchester, for example. I do not know whether the gentleman from London has walked down from London with his wares, but we suspect that many do not. In fact, I am told that one comes in a transit van. We are not going to accept people who are not genuine pedlars or who do not comply with the Act. That is all I am saying.

Mr. Chope: We cannot go behind the law on pedlars at the moment, which says that a pedlar's certificate can be gained from any one of the 49-odd police forces up and down the country and that a pedlar can carry out work pursuant to the licence anywhere in the country—except in the six boroughs where restrictions have been placed so far. The pedlar's certificate entitles a person to go and sell—I keep returning to my simple example—balloons, yo-yos and so forth from—

Mr. Deputy Speaker: Order. We really are getting far away from Bournemouth, so let me counsel the hon. Member once more. He has been on his feet for 33 minutes, and the Chair might well take a view on that.

Mr. Chope: I accept that, Mr. Deputy Speaker. I am sorry, but I gave way to my hon. Friend the Member for Bournemouth, West, who made the more general point. I accept that I was at fault in responding to it generally.

Let me take the House back to the specific provisions in the Bournemouth Borough Council Bill, which differ from those in other Bills, and see whether I can elicit a response from my hon. Friends. Under clause 6, community support officers are not allowed to seize goods, which contrasts with the Bill on Reading, for example, and I see my hon. Friend the Member for Reading, East (Mr. Wilson) in his place. Why is that?

Mr. Ellwood: Why does it matter?

Mr. Chope: I think that it matters because we are debating the merits of this Bill. I should have thought that if this Bill's proponents were concerned about enforcement, they would wish to include community support officers in that role.

Mr. Ellwood *rose—*

Mr. Chope: My hon. Friend has taken an interest in this point. I will give way to him if he can tell me why it does not matter.

Mr. Ellwood: With respect to the hon. Gentleman, he is now dictating what is right or wrong for Bournemouth. Bournemouth borough council tabled the Bill because it believes that it is the correct Bill for Bournemouth—not for Reading, but for Bournemouth. If it feels that it can implement the Act that the Bill will become using only police officers, rather than community support officers, who are we to argue with that?

Mr. Chope: My hon. Friend seems to think that any words of wisdom that come from his borough council are not to be challenged in any way. All I can say is that his attitude is very different from mine.

Mr. Rob Wilson (Reading, East) (Con): My hon. Friend has been very generous in giving way. I may be able to answer his question. Government legislation to be introduced in 2010 will allow fixed penalty fines to be issued, and I should have thought that PCSOs would be able to issue them. There is a difference between the two authorities over the way in which the fines are used and who is able to issue them.

Mr. Ellwood: On a point of order, Mr. Deputy Speaker. You have had to intervene on my hon. Friend the Member for Christchurch (Mr. Chope) three times. I appreciate that I have already tried once to ask that the Question be put, but I seek your indulgence now. I feel that we have debated this matter enough, and are going around in circles. I wish to ask for the Question to be put.

Mr. Deputy Speaker: I am not prepared to accept such a motion at this stage, but I can tell the hon. Gentleman that my mind is not closed to accepting it at some point. I am leaning over backwards to ensure that the arguments are presented, but I realise that an attempt is being made to stretch well beyond the bounds of the understanding that I thought had been established both in the ruling that I made in June and in the refined ruling made today.

Mr. Chope: I shall go through the clauses very quickly, Mr. Deputy Speaker.

Mr. Bone *rose—*

Mr. Chope: I give way to my hon. Friend.

Mr. Bone: I am grateful to my hon. Friend for giving way to me on a specific point before he moves on.

I understand that the problem in Bournemouth is enforcement, or lack of it, by Dorset police. Given the lack of police effort, it is surely not surprising that Bournemouth has not extended the powers of PCSOs.

Mr. Chope: I have no answer to that, but perhaps my hon. Friend the Member for Bournemouth, East has.

If Bournemouth is to have this Bill, and it has only one opportunity to propose it, why does clause 6 contain no power to seize perishable items, which are often regarded as the big problem? Again, that contrasts with the provisions of the Reading Bill. Why does clause 7 of the Bournemouth Bill allow forfeiture and disposal of goods even when that has not been ordered by a court, if the costs of storage, removal and return are not paid within 28 days? I raise the question of reasonableness because the provision is not included in, for example, the Reading Bill. Why is that so?

Clause 10 of the Bournemouth Bill limits the power to impose fixed penalty notices to council officers; it does not extend that power to police or community support officers. Again, why is that so? Many hon. Members think that if there is to be enforcement of the criminal law, we should in the first instance rely on the

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police and police community support officers for that, rather than council officials. Why is such a power in the Bill?

Also, why—unlike in other Bills before the House this afternoon—is there provision in clauses 14(6) and (7) for a statement purporting to be signed by the chief finance officer to be final evidence that payment of a fixed penalty notice was not received by the council, even if a fixed penalty notice had been sent? The significance of that is that payment of a fixed penalty notice is linked in with the return of the goods that would otherwise be forfeited, and it seems that the provisions of subsections (6) and (7) go further than the provisions in the other Bills before us.

Mr. Deputy Speaker: Order. I think the hon. Gentleman will recognise that he is now talking about matters of detail that would be thoroughly examined in Committee, and that they are not appropriate to a Second Reading debate, and certainly not to a Second Reading debate in today's circumstances.

Mr. Chope: I accept that, Mr. Deputy Speaker, and I hope they will be dealt with in Committee. It is traditional on Second Reading for Members to draw attention to certain points and to put down markers. That is what I am trying to do, in order to be helpful to the promoters of the Bill by giving them advance warning of some of the concerns that I and others have about its provisions.

I also ask my hon. Friends why this Bill extends to the sale of services, because other local authority legislation does not do so. Why does this Bill allow councils to hold goods for 56 days, compared with 28 days? That is twice the limit set in existing private legislation, including in the Maidstone Borough Council Act 2006 referred to earlier.

Sir John Butterfill: Under the Pedlars Act, a pedlar is not permitted to sell services, so it is appropriate to say that anyone who is selling services, rather than goods, should not be entitled to trade as a pedlar.

Mr. Deputy Speaker: Order. The hon. Gentleman is inadvertently drawing the hon. Member for Christchurch (Mr. Chope) into a wider sphere of discussion. I am trying to make the debate specific, and I remind the hon. Member for Christchurch that the Bill we are currently debating on Second Reading is identical to the one that we have already given a Second Reading to.

Mr. Chope: I have not gone through the Manchester and Bournemouth Bills line by line to see whether they are identical. All I have been trying to do is identify some of the differences between the Bournemouth Bill and some of the others, such as the Reading Bill. I am trying to draw attention to the—

Mr. Deputy Speaker: Order. I thought we had established that the generalised debate that began in June was intended to give Members an opportunity to put down markers on Bills, most of which were identical and all of which were substantially similar. That was the opportunity, and it was said by the Chair at the start of today's debate that we would not be seeking to hang a generalised debate on the specific Bills that followed after the House had decided to give a Second Reading, following the generalised debate, to the first of the Bills. I have been trying to maintain that distinction, and I think the House might wish to make progress.

Mr. Chope: Certainly, Mr. Deputy Speaker. I am keen to make progress, and I have tried my hardest. I must say that the atmosphere being created by the mirthful comments of my hon. Friend the Member for Bournemouth, East is not exactly helping.

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): In a similar spirit of helpfulness, may I use this opportunity to ask the hon. Gentleman whether he is aware that the Government do not have a view on the Bill? The specific role of the Government is to confirm that the Bill's promoters have undertaken a full assessment of its compatibility with the European convention on human rights and that we do not see a need to dispute their conclusions. Perhaps the hon. Gentleman will allow me to use this intervention to confirm that that is the Government's view.

Mr. Chope: Obviously, the Minister has used the intervention as an opportunity to put that on the record. I think that it has already been put on the record, in the debate in June, and that it applied to all the Bills.

I do not want to spoil the opportunity of my hon. Friend the Member for Bournemouth, East to respond to the debate, because the points that I have raised about the Bill deserve a response. I particularly hope that he will comment on the differences that I have identified between the Bournemouth Bill and some of the others. I kept back my observations about the specificity of particular points in the Bournemouth Bill compared with some of the other Bills, because I thought that it would be more appropriate to address them during the specific debate on Bournemouth than in the general debate.

John Battle (Leeds, West) (Lab) *rose in his place and claimed to move,* That the Question be now put.

Question put, That the Question be now put:—

The House divided: Ayes 245, Noes 15.

Division No. 302] **[6.2 pm**

AYES

Ainger, Nick	Brazier, Mr. Julian
Baker, Norman	Breed, Mr. Colin
Barker, Gregory	Brokenshire, James
Barron, rh Mr. Kevin	Brooke, Annette
Battle, rh John	Brown, Lyn
Bayley, Hugh	Brown, rh Mr. Nicholas
Begg, Miss Anne	Browne, Mr. Jeremy
Beith, rh Sir Alan	Bruce, rh Malcolm
Bellingham, Mr. Henry	Bryant, Chris
Benton, Mr. Joe	Burden, Richard
Benyon, Mr. Richard	Burgon, Colin
Bercow, John	Burns, Mr. Simon
Berry, Roger	Burstow, Mr. Paul
Betts, Mr. Clive	Burt, Alistair
Blackman-Woods, Dr. Roberta	Burt, Lorely
Blizzard, Mr. Bob	Butterfill, Sir John
Blunt, Mr. Crispin	Cabom, rh Mr. Richard
Borrow, Mr. David S.	Cairns, David
Brake, Tom	Campbell, Mr. Gregory

Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Connarty, Michael
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Foster, Mr. Don
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
George, Andrew
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Grieve, Mr. Dominic
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hancock, Mr. Mike
Hanson, rh Mr. David
Harvey, Nick
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Heppell, Mr. John
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jack, rh Mr. Michael
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kramer, Susan
Ladyman, Dr. Stephen
Lamb, Norman
Laws, Mr. David
Lepper, David
Levitt, Tom
Lloyd, Tony
Loughton, Tim
Luff, Peter
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Moffat, Anne
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Newmark, Mr. Brooks
Norris, Dan
Oliver, Mr. Bill
Öpik, Lembit
Pickles, Mr. Eric
Plaskitt, Mr. James
Primarolo, rh Dawn
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Raynsford, rh Mr. Nick
Rennie, Willie
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stoate, Dr. Howard
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Thurso, John
Tipping, Paddy
Touhig, rh Mr. Don
Tredinnick, David
Truswell, Mr. Paul
Turner, Dr. Desmond
Waltho, Lynda
Ward, Claire
Webb, Steve
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wills, Mr. Michael
Woodward, rh Mr. Shaun
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mark Tami and Mr. Dave Watts

NOES

Davies, Philip
Evans, Mr. Nigel
Gray, Mr. James
Hands, Mr. Greg
Harper, Mr. Mark
Hollobone, Mr. Philip
Hurd, Mr. Nick
Knight, rh Mr. Greg
Lilley, rh Mr. Peter
McIntosh, Miss Anne
Pelling, Mr. Andrew
Redwood, rh Mr. John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Winterton, Ann

Tellers for the Noes:
Mr. Christopher Chope and Mr. Peter Bone

Question accordingly agreed to.

Question accordingly put, That the Bill be now read a Second time:—

The House divided: Ayes 228, Noes 14.

Division No. 303] **[6.14 pm**

AYES

Ainger, Nick
Alexander, Danny
Baker, Norman
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benton, Mr. Joe
Bercow, John
Betts, Mr. Clive
Blizzard, Mr. Bob
Blunt, Mr. Crispin
Borrow, Mr. David S.
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Brown, Lyn
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory

Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Greg
Clark, Paul
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Connarty, Michael
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Drew, Mr. David
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Foster, Mr. Don
Francis, Dr. Hywel
George, Andrew
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Greenway, Mr. John
Grieve, Mr. Dominic
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hancock, Mr. Mike
Hanson, rh Mr. David
Harvey, Nick
Hayes, Mr. John
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Heppell, Mr. John
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jack, rh Mr. Michael
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Kramer, Susan
Ladyman, Dr. Stephen
Lamb, Norman
Laws, Mr. David
Lepper, David
Levitt, Tom
Lloyd, Tony
Loughton, Tim
Luff, Peter
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Mans, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
Oliner, Mr. Bill
Öpik, Lembit
Pelling, Mr. Andrew
Pickles, Mr. Eric
Plaskitt, Mr. James
Prentice, Mr. Gordon
Primarolo, rh Dawn
Pritchard, Mark
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Rennie, Willie
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stoate, Dr. Howard
Stuart, Ms Gisela
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Thurso, John
Tipping, Paddy
Touhig, rh Mr. Don
Tredinnick, David
Truswell, Mr. Paul
Turner, Dr. Desmond
Walker, Mr. Charles
Waltho, Lynda
Ward, Claire
Webb, Steve
Widdecombe, rh Miss Ann
Willetts, Mr. David
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wills, Mr. Michael
Woodward, rh Mr. Shaun
Wright, Mr. Iain
Wright, Dr. Tony
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Dave Watts and Mark Tami

NOES

Davies, David T.C. *(Monmouth)*
Davies, Philip
Evans, Mr. Nigel
Gray, Mr. James
Hands, Mr. Greg
Heathcoat-Amory, rh Mr. David
Hollobone, Mr. Philip
Hurd, Mr. Nick
Knight, rh Mr. Greg
Lilley, rh Mr. Peter
Redwood, rh Mr. John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Winterton, Ann

Tellers for the Noes:
Mr. Peter Bone and Mr. Christopher Chope

Question accordingly agreed to.
Bill read a Second time and committed.

Canterbury City Council Bill (By Order)

Order for Second Reading read.

Motion made, and Question proposed, That the Bill be now read a Second time.

6.25 pm

Mr. Julian Brazier (Canterbury) (Con): I shall be very brief, Mr. Deputy Speaker. Some months ago, we had extensive argument about the measure, so I shall say only that it is supported by all political parties in Canterbury and by local people and the local media.

The problem is that large amounts of police and council time are required to enforce the existing legislation, so in practice our 18 legitimate street traders are—

Mr. Greg Knight (East Yorkshire) (Con): Will my hon. Friend give way?

Mr. Brazier: I will not give way.

Our 18 legitimate street traders, who have paid for their licences—

Mr. Peter Bone (Wellingborough) (Con): Will my hon. Friend give way?

Mr. Brazier: No.

Those street traders face unfair competition from people from all over the country who have not paid for street trading licences but in practice are acting as street traders and not as pedlars. I urge the House to support the measure.

6.26 pm

Mr. Peter Bone (Wellingborough) (Con): I did not expect to detain the House by making a speech, but the introduction to the Bill was so short that I did not have the chance to put the point I wanted to make.

We hear yet again that the Bill is slightly different from the previous Bills we have discussed. The argument in the short introduction appeared to be that an enormous amount of police time was being used to enforce the existing rules. Can my hon. Friend the Member for Canterbury (Mr. Brazier) or another Member explain why enforcing a new Act will not require exactly the same amount of effort?

The argument is different from—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman has been attending debates on these proceedings long enough to realise that that is a generalised point. I have tried more than once to emphasise the distinction that the Chair has tried to make to assist the House, and which I understood the House had accepted all along. To overturn it at this stage would probably be against the wishes of the House, judging by the majorities that have been recorded.

Mr. Bone: I am grateful for that ruling, Mr. Deputy Speaker, and I apologise for straying. I was trying to make a specific point relating to the Bill, as there seemed to be a different argument, and the introduction was so brief that the position was not clear to me.

6.28 pm

Philip Davies (Shipley) (Con): I shall make merely two points that are specific to Canterbury. The first is that the Bill, as I understand it, is intended to protect genuine shopkeepers selling their wares in Canterbury. In my previous career, working for Asda, I had cause to visit our store in Canterbury on many occasions—indeed, I was responsible for marketing it when it had a revamp about five or six years ago—and the House may or may not want to bear in mind the fact that I was never aware of any complaints about pedlars impinging on their business either from the manager at the Canterbury store, or anybody I came across in other shops in the locality.

My second point specific to Canterbury is that the Bill states that Canterbury council wants to regulate touting. Such a provision is not in the other Bills we have discussed thus far, but is something that Canterbury has decided to indulge in.

The Culture, Media and Sport Committee, of which I am a member, recently held an inquiry into ticket touting. I am not entirely sure why a local authority would wish unilaterally to take up the role of regulating ticket touting. As the Select Committee and the Government have made clear, it is a perfectly legitimate business.

Mr. Brazier: My hon. Friend makes a good point. The short answer is that, borough for borough, Canterbury is the busiest tourist centre in the entire country, in terms of numbers of visits per capita of local population. The truth is that we have problems with people touting for nightclubs, and with a variety of other activities. The problem is sometimes concentrated outside the cathedral, or in other places where people gather. That is why the council sought the introduction of the measure that we are discussing.

Philip Davies: I am grateful to my hon. Friend for that clarification. I know that he is a great champion of his constituency, and he knows his local area better than I do—indeed, better than anybody else in the House. I certainly do not dispute his point. My point is that the provision seriously strays from those in the other Bills. If Canterbury decides to regulate touting, that will drive a coach and horses through the whole secondary ticketing market. Our Select Committee decided to hold an inquiry into the subject, and it found that it was a legitimate market. I repeat that the Government, too, found that it was a legitimate market.

It is one thing for people to sell their wares on the street, or to sell balloons outside shops, as we have heard, but tickets are quite another thing. If somebody buys a ticket to an event, it is theirs and they can do what they will with it. If they wish to sell it on to somebody else, so that that person can visit the attraction in question—the cathedral, in the case of Canterbury—that is a matter for them. I do not understand why Canterbury needs to interfere in the secondary ticket market; that seems to be a million miles away from the purpose of the other measures in the Bill.

I do not know about the issues relating to Canterbury cathedral, but if somebody buys a ticket to go to the cathedral, decides at the last minute, quite legitimately, that they cannot go, and sells the ticket on to somebody else, I do not see what business it is of the local council,

[Philip Davies]

or of the House for that matter. That is a completely different issue from that of pedlars. Many people, including tourists, may perfectly legitimately have bought a ticket to an event that they can no longer attend. Why on earth should they lose out because Canterbury city council has decided of its own volition that it will start sticking its nose into the secondary ticket market? I do not see the purpose of including that element in the Bill, whatever the merits of the provisions relating to peddling in Canterbury. I do not know whether they are a good or a bad thing; I am happy to listen to my hon. Friend the Member for Canterbury (Mr. Brazier) on that subject. However, it is a totally different matter when we start interfering in ticket-touting.

Mr. Bone: I went to Canterbury this year for a short holiday, and I have to say that I was not aware of a huge amount of ticket touting near the cathedral. It seems that a measure has been slipped into the Bill that makes it much more significant than the other Bills that we have discussed.

Philip Davies: My hon. Friend may be right, and in that sense, the measure may well be a solution looking for a problem.

John Bercow (Buckingham) (Con): It is always a pleasure to listen to my hon. Friend's mellifluous tones. Tourism in Canterbury among hon. Members is obviously a growing concern, because, following on from what my hon. Friend the Member for Wellingborough (Mr. Bone) said, my wife and I have been to Canterbury to stay in a hotel on three occasions in the past 18 months. I point out to my hon. Friend the Member for Canterbury (Mr. Brazier) that I have not encountered anybody seeking to sell me a ticket, in a primary or a secondary capacity.

Philip Davies: I am grateful to my hon. Friend for having pointed that out. He is a great champion of the free market, and I am sure that he would not want to see any restriction on people buying and selling tickets if they wish to do so. If my hon. Friend did not encounter a problem, that reiterates the point made by my hon. Friend the Member for Wellingborough (Mr. Bone), who said that the Bill is a solution looking for a problem.

I have great admiration for my hon. Friend the Member for Canterbury, but I have to tell him that I found his explanation of why the legislation was required specifically for Canterbury rather unconvincing. He was talking about people having tickets for nightclubs—

Miss Ann Widdecombe (Maidstone and The Weald) (Con): Will my hon. Friend give way?

Philip Davies: Of course.

Miss Widdecombe: Can my hon. Friend enlighten me: how many times has he been to Canterbury?

Philip Davies: I would not like to answer that, given that I might well mislead the House if I gave a specific number. As I said earlier, I used to visit the Canterbury store regularly when I worked for Asda. I would say that I have visited the city on at least half a dozen to a dozen occasions—*[Interruption.]* Will my right hon. Friend allow me to make the point?

My hon. Friend the Member for Canterbury said that people are buying tickets for nightclubs and for the cathedral. Lots of people may well buy tickets for nightclubs and for the cathedral in Canterbury; I do not doubt that for a minute. My point is that that applies to virtually every city in the country, particularly those with tourist attractions. I would venture to say that places with large sporting venues would be much more susceptible to ticket touting than Canterbury ever would be. I would have thought that Canterbury was one of the last places in the country that would want to interfere by regulating the secondary ticketing market.

Mr. Christopher Chope (Christchurch) (Con): Does my hon. Friend share my concern that the promoters' statement in support of the Second Reading of these six Bills makes no mention whatever that any of the Bills contain proposals to regulate touting? Does he not think that a serious omission?

Philip Davies: I am grateful to my hon. Friend for pointing that out; I was not aware of that, as I have only recently become aware of this aspect of the Bill. It would be rather unfortunate if the House supported a Bill that specifically included the regulation of the secondary ticketing market, given that the Culture, Media and Sport Committee, on which I serve and which conducted a thorough inquiry into the issue, found that the secondary ticketing market was perfectly legitimate. Furthermore, the Office of Fair Trading has ruled that that is the case, and in answers to questions in the House the Government themselves have acknowledged that. We would be going down a slippery slope if Canterbury council decided that it would be the one council in the country to regulate the industry.

Mr. Brazier: On a point of order, Mr. Deputy Speaker. As far as I can determine, there is no reference anywhere in the Bill to secondary ticketing, although I have sat listening to my hon. Friend the Member for Shipley (Philip Davies) talking about that for some time. The Bill refers to touting for business, which is quite different.

Mr. Deputy Speaker: Order. That is not a point of order, but a point of argument. I have listened to the hon. Member for Shipley (Philip Davies) and am wondering how far he will stretch his point. He has had a good outing so far and I hope that he will accept that he has made his point.

Philip Davies: Thank you, Mr. Deputy Speaker. I shall bear your wise words in mind and make sure that I do not stretch—

Mr. Deputy Speaker: Order. I hope that you will do more than that.

Philip Davies: Indeed; I will fully abide by your wise words, Mr. Deputy Speaker. I take the point made by my hon. Friend the Member for Canterbury. All I will say is that the Bill is clearly badly drafted because it makes what touting is rather ambiguous. It would be foolish of us to vote on something when it appeared that we did not even know what we were voting about.

Mr. Bone: Does my hon. Friend agree that there may be a hidden issue that we have not discussed? He suggested that the Bill might be more appropriate in respect of large sporting arenas. If there were an international cricket match in Canterbury that I could go to at the

last minute, I would turn up and try to buy a ticket outside the stadium. That would be impossible under the Bill.

Mr. Deputy Speaker: Order. If that speculation were correct, I would probably find myself joining the hordes of people moving towards Canterbury, but I think that it is probably stretching the argument a little too far.

Philip Davies: In that case, Mr. Deputy Speaker, I will not respond to my hon. Friend's point. Given your earlier comments, I will leave my argument there.

I hope that the House will reflect seriously on what the clause about regulating touting means in reality. Having listened to my hon. Friend the Member for Canterbury, I am not sure that I am any wiser what it means—to be honest, I am not sure that he is any wiser either—but it could have serious unintended consequences for the secondary ticketing market.

6.40 pm

Mr. Christopher Chope (Christchurch) (Con): You have been waiting eagerly, Mr. Deputy Speaker, for distinctive elements of the Bill to be drawn to your attention, and my hon. Friend the Member for Shipley (Philip Davies) has done that in one material particular. However, I am not sure that the remarks of my hon. Friend the Member for Canterbury (Mr. Brazier), whom I love dearly, are sufficient for the purposes of this debate.

Clause 11 deals with the issue of touting, which is not dealt with in either of the other two Bills that we have so far considered. The extent of the proposed prohibition on touting is not trivial, because it carries with it a criminal offence and a level 3 fine on the standard scale. Subsection (2) says:

"Any person who, in a place designated under this section importunes any person by touting for a hotel, lodging house, restaurant or other place of refreshment, for a shop, for a theatre or nightclub or other place of amusement or recreation, or for a boat or other conveyance shall be guilty of an offence".

My hon. Friend the Member for Canterbury prayed in aid the fact that Canterbury is a centre for tourism. If so, all the more reason that tourists should have the opportunity to be made aware of the services available in the city.

Mr. Greg Knight: If this provision were as described by my hon. Friend the Member for Canterbury, many of us could support it, because we would all welcome a heritage site—Canterbury cathedral—being given special protection. However, clause 11 goes even wider than my hon. Friend the Member for Christchurch (Mr. Chope) suggests and would allow the council to ban touting in an

"off-street car park, recreation ground, garden or other park, pleasure ground or open space",

with no mention whatever of the cathedral.

Mr. Chope: My right hon. Friend is right. He is a very experienced scrutineer of this type of measure, and he knows as well as other Members that as soon as we have general legislation that gives very wide powers, there is, almost as night follows day, a temptation for the people who have those powers to seek to exercise them to their widest possible extent.

Mr. Brazier: I may be able to help the House by explaining that there is an open space in front of the cathedral called Buttermarket, which probably has the greatest single concentration of tourists of any point in the whole of the city.

Mr. Chope: I am sure that that is very helpful.

Philip Davies: I was struck by my hon. Friend's point about Canterbury having a high level of tourism. Does he therefore agree that for Canterbury to set rules for itself that do not apply in other parts of the country would be hugely confusing for people who could inadvertently be caught out by such regulations?

Mr. Chope: I agree with my hon. Friend about that.

On the specificity of the Bill, if my hon. Friend the Member for Canterbury is right—and I have no reason to doubt him—that there is a problem in one location in Canterbury, within the precincts of that great cathedral or thereabouts, I would have hoped that it would be spelt out in the Bill. Why is it not, and would my hon. Friend give an undertaking on behalf of the promoter that, should the Bill receive Second Reading and go into Committee, it will rephrase clause 11 of the Bill? The promoter should make it clear that the powers taken to deal with touting are going to be limited to dealing with the mischief to which my hon. Friend referred, rather than dealing with, in the wide terms used in the Bill, any

"public off-street car park, recreation ground, garden or other park, pleasure ground or open space under the...control of the council"

or

"a street or esplanade, parade, promenade or way to which the public commonly have access, whether or not as of right."

Does my hon. Friend agree that the provisions go unnecessarily wide to meet the mischief that apparently needs to be addressed in Canterbury? I look forward to receiving that offering from my hon. Friend.

Mr. Brazier: I am grateful to my hon. Friend for making that offer. If he chooses to draw his remarks to a reasonable close after finishing the legitimate points of his argument, and before time runs out in the House, I would be delighted to be instrumental in brokering a meeting between him and Canterbury city council to discuss a suitably felicitous amendment to the clause.

Mr. Chope: That is one of the most constructive responses received tonight by those who have been questioning particular provisions of the Bills, and I am grateful to my hon. Friend. I say in passing that when I practised as a barrister I frequently visited the city of Canterbury. I have not had the opportunity to visit it for some time, and I would like the opportunity to do so again.

Mr. Bone: Before my hon. Friend moves on, would not one of the problems of giving a Second Reading to this Bill be that it would encourage other councils to introduce similar Bills to outlaw secondary ticketing? This is a different Bill, and if we give that signal, other councils will introduce such measures.

Mr. Chope: My hon. Friend is absolutely right. That is why it is so important that a particular issue in a particular locality should be dealt with in tightly defied terms in private legislation so that it is not taken on board by other councils and usurped by the detrimental effects to which my hon. Friend draws attention.

[Mr. Chope]

In dealing with clause 11, my hon. Friend the Member for Canterbury has responded constructively to the concerns expressed about the provisions relating to touting in this Bill that are not in the other Bills. I hope that he will be similarly helpful on my other points. His Bill is different from the other Bills because of the provisions of clause 7, which is all about the seizure of perishable items. The two previous Bills we have considered make no provision for the seizure of perishable items. Indeed, they are specifically excluded from those Bills. I hope that my hon. Friend can explain the background to the provisions because clause 7 is a major clause and it is not referred to, even en passant, in the promoter's statement.

Were it not for the assiduous work of Members in scrutinising the Bill, many people would be unaware of the powers to seize perishable items contained within. As my hon. Friend the Member for Shipley said, a precedent could be set, and my hon. Friend the Member for Wellingborough (Mr. Bone) made the same point. Clause 7 states:

"(1) No perishable item shall be seized...unless the authorised officer...gives a document under subsection (2) to the person...

(2) Where a perishable item is seized...the person from whom it is seized must be given a document".

It continues:

"The council or the police shall store any perishable item seized under section 6 at the appropriate temperature."

It does not specify the temperature. The clause goes on:

"If the person from whom a perishable item was so seized fails to collect it within 48 hours of the seizure the council or the police may dispose of it."

Miss Widdecombe: On a point of order, Mr. Deputy Speaker. I seek your guidance. Is not detail about temperatures more suited to the detailed discussions of later stages?

Mr. Deputy Speaker: A point about, for example, temperature, is most certainly a Committee point. Second Reading is about general principles.

Mr. Chope: I am grateful to you, Mr. Deputy Speaker. Normally on Second Reading, the Minister or sponsor who introduces the debate goes through the Bill's provisions. Even with the lax discipline of recent years and the breaking of several of the House's conventions, it is more customary than not for a Minister who introduces a Bill to go through its main clauses—albeit not in great detail or line by line—to explain their purport and the justification for them. It is the first time of which I know that the House has been asked to consider giving powers to a local authority to seize perishable items. Although it may be frustrating for my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe) that the matter is not to be dealt with immediately on the nod—I find that unfortunate in terms of democracy—I hope that we will have a chance to tackle the substance of the measure.

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas) *rose—*

Mr. Chope: I am pleased that the Minister would like to contribute to the debate.

Mr. Thomas: Will the hon. Gentleman take the opportunity to correct the impression that the Government have any responsibility for introducing the Bill or any need to explain its general principles, as he appeared to suggest? Will he also allow me to welcome the invitation of the hon. Member for Canterbury (Mr. Brazier) to discuss with those interested a possible amendment to clause 11? The Government would be interested in those discussions. Will he also allow me to put on record again our view that the Bill's promoter has undertaken a full assessment of its compatibility with the European convention on human rights, and that we perceive no need to dispute its conclusions?

Mr. Chope: I am grateful to the Minister for that intervention. Again, in live debate, we have an example of the importance of discussing such issues. If we were not debating them, we would not have heard that the Government obviously have concerns about clause 11 and want to be involved in discussions about it, or about the Bill's compatibility—or otherwise—with the European convention on human rights.

However, in his initial point, the Minister misunderstood my comments. I did not say that I expected him to set out the Government's views about the Bill; I said that, normally, when Bills are introduced—the Government obviously introduce the majority—the Minister on the Treasury Bench goes through the clauses. I pointed out that no one had done that with the measure that we are discussing. I wondered whether the Minister intended to challenge my assertion that it is the first occasion on which the House has been asked to introduce a measure that would give a local authority the power to seize perishable items, but he did not do that, for which I am grateful.

That reinforces my point that clause 7, which has 13 subsections, constitutes a significant break with tradition. The House should be concerned about that—it merits detailed scrutiny.

Mr. Greg Knight: Does my hon. Friend agree that, as a general principle, a Bill that gives anyone power to seize someone else's goods should also provide for adequate and proper compensation? That does not appear to be the case with the Bill that we are discussing.

Mr. Chope: I think that there is indeed some provision in the Bill to deal with compensation.

Mr. Greg Knight: With respect to my hon. Friend, as I understand it compensation will be paid only if the initial seizure was not lawful, not if it was lawful but mistaken.

Mr. Chope: My right hon. Friend makes a good point, which I hope my hon. Friend the Member for Canterbury has taken on board. My right hon. Friend will be aware of the Regulatory Enforcement and Sanctions Act 2008. Part 3 of that Act contains provisions relating to civil enforcement in similar situations, which can include the forfeiture of goods, but sets out strong reservations regarding the need for compensation if the seizure of goods is mistaken or not soundly based in law.

If somebody is deemed to be selling apples or oranges in Canterbury in breach of the relevant regulations, all their goods can be seized and will then have to be stored at the right temperature. The provisions in clause 7 go well beyond pedlars, who are dealt with in a separate clause, and deal with street trading. If people are selling hamburgers, hot dogs or ice creams, for example, and their entire stock is taken, how will it be possible under the Bill for the owner of those goods not to suffer a financial penalty? Once the food has already been cooked, my wife tells me, it should not be cooked again, particularly if it is pork or chicken. Once the food has been seized and has cooled down, will the provisions about storing it at an appropriate temperature require hot or cold storage?

We do not need to go into those issues now, but it is important that we should flag them up, because the Bill is novel in comparison with the other Bills. The third issue—*[Interruption.]* If the right hon. Member for Leeds, West (John Battle) wishes me to give way so that we can hear what he is saying in his sedentary intervention, I shall happily do so.

John Battle (Leeds, West) (Lab): I recall that when the hon. Gentleman was a councillor for Westminster, he promoted a Westminster Bill to move the pedlars halfway along Westminster bridge so that they would be stuck in Lambeth. Why has he changed his mind?

Mr. Chope: The right hon. Gentleman is wrong about many things, and I am afraid that he is wrong about that. First, I was never a councillor in Westminster—I have never been rich enough to live in Westminster—I was a councillor in Wandsworth, which was the pioneering council that is often unsuccessfully imitated by Westminster. Wandsworth council has not been promoting private legislation in the House because it realises that it is much better to operate sensibly in its own—

Mr. Deputy Speaker: Order. If we have now cleared that up, perhaps we can get back on the road to Canterbury.

Mr. Chope: I am glad that I gave way to the right hon. Gentleman, so that I could clarify the matter for him.

Mr. Bone: To respond to the Minister's intervention about the European convention on human rights, I did not understand whether he was referring to a blanket application to all the Bills or just to the Bill that we are discussing, which is very different, because I would have thought that outlawing secondary ticketing would indeed infringe people's human rights.

Mr. Chope: My hon. Friend makes a good point. If I am party to the discussions between the Minister and my hon. Friend the Member for Canterbury in the precincts of Canterbury cathedral, perhaps I shall be able to report back to my hon. Friend the Member for Wellingborough on the outcome, and give him an answer to his question. That could be a few months ahead, however.

I keep being tempted away from my next point, which is the third distinctive element in the Canterbury City Council Bill, compared with the Bills relating to Bournemouth and Manchester that we have already considered. The element that I wish to draw to the attention of the House is clause 13, which will enable council officers, constables and community support officers to serve fixed penalty notices in cases where they have reason to believe that street trading offences have been committed. This Bill will involve the police, community support officers and council officers, in contrast to the provisions in the Bournemouth Borough Council Bill.

Perhaps my hon. Friend the Member for Canterbury will help me on this point when he responds to the debate. Perhaps he has been called away. I was expecting him to respond to the debate, but he seems to be temporarily absent from the Chamber—[HON. MEMBERS: "No, he's not!"]

Miss Widdecombe: On a point of order, Mr. Deputy Speaker. Surely it is quite wrong for a Member to accuse another Member, who is fully visible in the Chamber, of not being here.

Mr. Deputy Speaker (Sir Michael Lord): I am not quite sure to whom the right hon. Lady is alluding—*[Interruption.]* I think that the matter is now resolved.

Mr. Chope: I was wondering whether you were going to draw the curtains round your Chair, Mr. Deputy Speaker. However, that will not be necessary. I am delighted to see my hon. Friend the Member for Canterbury back in his place. I must correct my right hon. Friend the Member for Maidstone and The Weald: I could not see my hon. Friend the Member for Canterbury because of the very fine piece of furniture standing between us. My right hon. Friend might doubt my word on that. If so, she can come and sit on my lap and see what is visible from here—

Mr. Deputy Speaker: Order. It would be helpful if the hon. Gentleman could now return to the matters in hand.

Mr. Chope: Clause 13 deals with the vexed question of who is to issue the fixed penalty notices. When my hon. Friend the Member for Canterbury responds to the debate, will he tell me whether he thinks it right that this power should be given to community support officers, police officers and council officials, rather than just to council officials, as in the provision in the Bournemouth Borough Council Bill that we discussed earlier? I believe that there is much to be said for consistency in this regard. We were unable to draw from my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) the rationale behind not extending this power to police and community support officers in Bournemouth. I wonder, knowing that Kent has quite an imaginative, forward-looking council, whether it might take a different approach, which might commend itself to the House. I would be interested to hear the comments of my hon. Friend the Member for Canterbury on that particular distinctive point.

Mr. Brazier: That, of course, is something that we could discuss in Committee.

Mr. Chope: I look forward to having that opportunity. However, I was hoping that my hon. Friend would give his views to a wider audience now, so that the Bills that do not contain such a provision might be amended in their own Committee stages to include one—

Mr. Deputy Speaker: Order. We are dealing with the Canterbury City Council Bill, not with any other Bills. I would appreciate it if the hon. Gentleman did not stray into matters that the House has already agreed are for the Committee stage.

Mr. Chope: Thank you, Mr. Deputy Speaker.

Mr. Greg Knight: This specific Bill makes provision—rather oddly, in my view—for varying the level of fixed penalty depending on where in the city of Canterbury the offence took place. Has my hon. Friend received any information from the promoters as to why they feel that that is desirable? I ask him because my hon. Friend the Member for Canterbury (Mr. Brazier) did not cover the point in his very short introduction.

Mr. Chope: My right hon. Friend has got on to a point that I have to admit I had not spotted, so I am grateful to him for drawing it out. I do not know whether he would like to expand on it in greater detail in due course.

Mr. Knight: It may help the House if I explained that I was referring to clause 14(2) on page 9, which says:

"Different levels may be set for different areas in the city and for different cases or classes of case."

We all understand that different cases may deserve a different fine regime, but I find it hard to understand why an identical ticketable offence should be met with a different penalty depending on what street in Canterbury one happens to be on.

Mr. Chope: My right hon. Friend is on to an extremely good point. I am not sure that the House has considered any legislation previously that has allowed the imposition of a varying penalty depending on where someone one is found to be committing an offence. Having a tiered fine system based on the location of an offence seems a very novel provision, so I hope that my hon. Friend the Member for Canterbury can address it.

Let me deal with one or two other issues. My hon. Friend the Member for Canterbury spoke on 12 June, I believe, when we last debated the generality of the issues. He made some specific points about Canterbury. For example, he said that

"stolen goods are often marketed in this way".

He was referring to what pedlars were up to in Canterbury, but I wonder whether he had any evidence of that. I am hoping that he is listening to this point, so that he can respond to it. My hon. Friend made the point, as I said, that stolen goods were often marketed by what he alleged to be pedlars in Canterbury. He then went on to say that

"some of these people have even got into drugs." —[*Official Report*, 12 June 2008; Vol. 477, c. 553.]

I hope that he can expand on that. Can he give us an assurance that there is no drug pushing in Canterbury other than among pedlars, which would be very illuminating for this House, or is there an attempt to smear pedlars even with illegal drug dealing?

Mr. Bone: I must interject there, because it would have been impossible for the pedlars to get the original licence if they were not of good character.

Mr. Chope: My hon. Friend is right, but one of the difficulties with the Bill is that there are a lot of assertions and generalisations, but precious little evidence. That is what worries me. My hon. Friend the Member for Canterbury mentioned that in the context of Canterbury, there was an elongated process of enforcement. Once again, that seems to be unique to Canterbury. He said that people were operating as pedlars without a certificate in their possession. What happens is that if they are static, they have to be given a verbal warning. Where is it in the law books, as one puts it colloquially, that somebody has to be given a verbal warning before they can be proceeded against?

I do not dispute the fact that this is a problem in Canterbury, but is my hon. Friend saying that the remedy might be in having a rather more robust enforcement procedure, cutting out the verbal warning or the verbiage and going straight to the penalty? All of us as motorists know exactly what happens when we park a car in the wrong place, even for a short time. We are not given the luxury of a verbal warning, but it seems that offenders in Canterbury are, despite the horrendous problems to which my hon. Friend the Member for Canterbury referred when he spoke about the matter so eloquently during the main Second Reading debate.

My hon. Friend went on to say that, on a subsequent occasion—

Mr. Brazier *rose in his place and claimed to move,* That the Question be now put, *but* MR. DEPUTY SPEAKER *withheld his assent, and declined then to put that Question.*

Mr. Chope: I hope that I shall be able to finish making my point before the debate ends, and I hope that my hon. Friend, in his enthusiasm for moving a closure motion, will not lose sight of the importance of being able to listen to the debate so that he will be in a position to respond to it. He made a telling point in the main Second Reading debate, when he said there was a crisis—he described it as an horrendous crisis—in Canterbury.

After the verbal warning, the person concerned receives not a penalty but a written warning. As my hon. Friend said on 12 June,

"Only then can proceedings be adopted." —[*Official Report*, 12 June 2008; Vol. 477, c. 552.]

Why is it only then that proceedings can be adopted?

Mr. Greg Knight: I think that my hon. Friend is being a little unfair on our hon. Friend the Member for Canterbury. We live in an enlightened democracy. If someone breaks the law innocently, what is wrong with giving that person a verbal warning in the first instance?

Mr. Chope: My right hon. Friend is seeking to be fair-minded, but the point made by our hon. Friend the Member for Canterbury during that Second Reading debate was that these people were proceeding with malice aforethought. They were not innocents who had haplessly done the equivalent of parking in the wrong spot. Nevertheless, given the long-winded process involved, it was not worth while to proceed against these rogue traders, for want of a better expression.

My hon. Friend went on to say that only after the written warning could proceedings be adopted, and that the penalties were very small. Does he accept that

the question of penalties is for the local magistrates court? If the magistrates want to draw attention to an exemplary issue, they have powers in their locality to say, "This kind of behaviour is such a problem that I am going to deter people by imposing a higher fine, as long as it does not exceed the maximum specified."

Mr. Knight: I really do think that my hon. Friend is making heavy weather of this. Might it not be the case that Canterbury city council merely sees this as good public relations? It does not want to be seen to be throwing its weight around in the first instance, even if the law is on its side, particularly given that the person concerned may not be aware of the law.

Mr. Chope: In a sense, my right hon. Friend is filling the role that I hoped would be played by my hon. Friend the Member for Canterbury in explaining the background to what my hon. Friend told us during the main Second Reading debate.

Philip Davies: Might not the point made by our right hon. Friend the Member for East Yorkshire (Mr. Knight) about Canterbury being reasonable carry more weight if it had not included in the Bill all the additional powers related to seizing perishable goods and varying fines for different areas? That does not give the impression of an area that is being reasonable; it gives the impression of an area that is being more officious than other areas.

Mr. Chope: My hon. Friend has made a good point. One cannot have it both ways, but that is what Canterbury city council seems to want to do.

My hon. Friend the Member for Canterbury also asserted that many pedlars were operating with certificates containing false addresses, but there is no evidence of that. I will give way to my hon. Friend if he can produce any evidence that a pedlar in Canterbury has used a certificate containing a false address, and can tell us whether, if that has happened, it has resulted in that person's prosecution. Perhaps this is another of the myths being peddled by those who are against pedlars—*[Laughter.]* I apologise for that totally unintentional pun. There is, therefore, a difference between the Canterbury Bill and the other Bills, and I hope that in the time before—

Mr. Brazier *rose in his place and claimed to move,* That the Question be now put.

Question put, That the Question be now put:—

The House divided: Ayes 159, Noes 12.

Division No. 304] **[7.15**

AYES

Ainsworth, rh Mr. Bob
Alexander, Danny
Bacon, Mr. Richard
Baker, Norman
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Beith, rh Sir Alan
Benton, Mr. Joe
Bercow, John
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Brake, Tom
Brazier, Mr. Julian
Brooke, Annette
Brown, Lyn
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Clark, Paul
Clarke, rh Mr. Tom
Connarty, Michael
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Ellwood, Mr. Tobias
Flynn, Paul
Foster, Mr. Don
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hancock, Mr. Mike
Hanson, rh Mr. David
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Heppell, Mr. John
Hill, rh Keith
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jenkins, Mr. Brian
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kramer, Susan
Ladyman, Dr. Stephen
Lamb, Norman
Laws, Mr. David
Laxton, Mr. Bob
Levitt, Tom
Lloyd, Tony
Luff, Peter
Mackinlay, Andrew
Malik, Mr. Shahid
Mann, John
Marris, Rob
Mates, rh Mr. Michael
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McFadden, Mr. Pat
McIsaac, Shona
McKechin, Ann
Meale, Mr. Alan
Michael, rh Alun
Mole, Chris
Moss, Mr. Malcolm
Mulholland, Greg
Mullin, Mr. Chris
Murrison, Dr. Andrew
Norris, Dan
Oiner, Mr. Bill
Öpik, Lembit
Prentice, Mr. Gordon
Primarolo, rh Dawn
Pugh, Dr. John
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Hugh
Rowen, Paul
Russell, Bob
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Soulsby, Sir Peter
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swire, Mr. Hugo
Tami, Mark
Taylor, David
Truswell, Mr. Paul
Waltho, Lynda
Ward, Claire
Webb, Steve
Widdecombe, rh Miss Ann
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilson, Phil
Wright, Mr. Iain
Wright, Dr. Tony
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Ms Diana R. Johnson and
Mr. Dave Watts

NOES

Davies, David T.C. *(Monmouth)*
Davies, Philip
Hands, Mr. Greg
Hollobone, Mr. Philip
Holloway, Mr. Adam
Knight, rh Mr. Greg
Lilley, rh Mr. Peter
McIntosh, Miss Anne
Pelling, Mr. Andrew
Tyrie, Mr. Andrew
Villiers, Mrs. Theresa
Wilson, Sammy

Tellers for the Noes:
Mr. Christopher Chope and Mr. Peter Bone

Question accordingly agreed to.

Question accordingly put, That the Bill be now read a Second time:—

The House divided: Ayes 154, Noes 7.

Division No. 305] **[7.25 pm**

AYES

Ainsworth, rh Mr. Bob
Alexander, Danny
Bacon, Mr. Richard
Baker, Norman
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Benton, Mr. Joe
Bercow, John
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Brazier, Mr. Julian
Brooke, Annette
Brown, Lyn
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Clark, Paul
Clegg, rh Mr. Nick
Connarty, Michael
Corbyn, Jeremy
Cormack, Sir Patrick
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Ellwood, Mr. Tobias
Foster, Mr. Don
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hancock, Mr. Mike
Hanson, rh Mr. David
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Heppell, Mr. John
Hill, rh Keith
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Hoyle, Mr. Lindsay
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jenkins, Mr. Brian
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Ann
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kramer, Susan
Ladyman, Dr. Stephen
Laws, Mr. David
Laxton, Mr. Bob
Levitt, Tom
Lloyd, Tony
Luff, Peter
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Mates, rh Mr. Michael
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McFadden, Mr. Pat
McIsaac, Shona
Meale, Mr. Alan
Michael, rh Alun
Mole, Chris
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mulholland, Greg
Mullin, Mr. Chris
Murrison, Dr. Andrew
Norris, Dan
Olner, Mr. Bill
Öpik, Lembit
Pelling, Mr. Andrew
Pickles, Mr. Eric
Prentice, Mr. Gordon
Pritchard, Mark
Pugh, Dr. John
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Riordan, Mrs. Linda
Robertson, Hugh
Rowen, Paul
Russell, Bob
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Sir Robert
Soulsby, Sir Peter
Spellar, rh Mr. John
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swire, Mr. Hugo
Tami, Mark
Taylor, David
Thurso, John
Truswell, Mr. Paul
Ward, Claire
Widdecombe, rh Miss Ann
Williams, Mrs. Betty
Williams, Mr. Roger
Wilson, Phil
Wilson, Sammy
Wright, Mr. Iain
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Ms Diana R. Johnson and Mr. Dave Watts

NOES

Davies, David T.C. *(Monmouth)*
Davies, Philip
Hands, Mr. Greg
Hollobone, Mr. Philip
Knight, rh Mr. Greg
Lilley, rh Mr. Peter
Tyrie, Mr. Andrew

Tellers for the Noes:
Mr. Christopher Chope and Mr. Peter Bone

Question accordingly agreed to.

Bill read a Second time and committed.

LEEDS CITY COUNCIL BILL *(BY ORDER)*

NOTTINGHAM CITY COUNCIL BILL *(BY ORDER)*

READING BOROUGH COUNCIL BILL *(BY ORDER)*

Orders for Second Reading read.

To be read a Second time on Thursday 6 November.

Rail Links (Halifax-London)

Motion made, and Question proposed, That this House do now adjourn.—*[Claire Ward.]*

7.36 pm

Mrs. Linda Riordan (Halifax) (Lab/Co-op): I am delighted to have secured this Adjournment debate on such an important issue for Halifax and for the people I represent. The debate is timely for a number of reasons, which include the recent report outlining the need for more capacity in services on our rail network, the need for Halifax to have a major economic and social boost, and the fact that the operator tendering for the bid, Grand Union, has identified key gaps in the rail market that can be filled, creating dozens of new jobs in west Yorkshire. Rail paths and rolling stock have been identified and full service proposals have been worked up. The plans are now at the Office of Rail Regulation. They are exciting, well-thought-out proposals that the ORR would be crazy to turn down.

Let me provide a bit of background to the bid. The rail operator, Grand Union, has been developing plans for services from towns such as Halifax for more than two years. Initially, the plans were rejected because of a lack of capacity, but after full engagement with key rail stakeholders the capacity has been found. The major economic tests have been passed and markets identified. Major west Yorkshire towns without direct services to London would be put on the mainline map. The service proposals are exciting, viable and visionary. The rail industry should be biting off Grand Union's hand and welcoming the proposals with open arms.

It sounds simple, so why has nothing happened yet? Well, things are never simple, especially when it comes to new rail services. Applications get tied down in a boring web of bureaucracy when flair and vision is required to realise the huge potential of the services. Someone needs to grasp the nettle and realise when something good is staring them in the face. The rail industry needs a more can-do attitude, as opposed to the cannot-do approach that seems to prevail. In fact, it seems to me that the more a company wants to run a service the harder it is for its dreams to become reality. In 2008, we should encourage new and imaginative ideas for our railways to get people off roads and on to trains, and not put up obstacle after obstacle, as seems to be happening with the proposals for Halifax and other towns in west Yorkshire such as Bradford, Brighouse and Pontefract.

My main aim in this debate is to put forward the case that Halifax needs a direct service to London. I also want to explain why that would benefit the town socially and economically, and why the Government should encourage provincial towns to have direct routes to London. Such a link would benefit towns such as Halifax, as well as the rail network and the environment.

Why more is not being done to allow direct rail routes from towns to our key cities baffles me. For example, it is quite illogical that it takes people in my constituency nearly an hour to travel to the connecting train that will get them to London. What is the point of thousands of people each year being forced to use their motor cars to travel 15 or 20 miles, when they would quite happily use a direct service that could be available on their doorstep?

Why has the direct link not yet been put in place? I never supported rail privatisation and still do not. Some of the private operators, such as the First group, have done nothing to improve the lot of the passenger, but the system is in place and we need to make the best use of it. One of the few benefits of privatisation is the open-access policy that allows private operators to tender for services. Places such as Hull and Wrexham have benefited, and I want the same rail boost for Halifax.

Quite simply, Halifax needs a direct train service to London if we are to encourage people out of their cars and on to the train. A direct rail link would also help to promote business growth in the town as Halifax is now a key rail centre, with more than 1 million passengers using rail services there every year.

A direct rail link to London would also attract inward investment across the wider west Yorkshire region. That has been recognised locally: Grand Union's proposals are in line with the regeneration initiatives of Yorkshire Forward, the regional development agency, and with many local and regional transport plans. If any town deserved to be put on the mainline rail map, it is Halifax.

Unfortunately, the process by which routes are given a green light is too slow and time consuming. The Government and the rail regulator should do much more to encourage and allow operators such as Grand Union to run services from Halifax, Bradford and other towns to London.

As I said earlier, it is over two years since the first application was put in by Grand Union to run services but, unfortunately, it was rejected. Since then, the company has worked hard to put forward new plans. The timetables are in place, the paths are available, the rolling stock is ordered and ready to go, so what is the delay? Well, the submission is at the rail regulator as we speak, and I hope that the Minister will indicate in his reply that the Government are generally supportive of the proposals.

Quite simply, the proposal needs the green light, and the timing for Halifax would be ideal. As the economy bites, it would be a welcome shot in the arm for the town. Feasibility studies have shown the economic and social benefits it would bring. The railway station is due for a facelift, with new investment plans in place. Local people want a direct service, as does the business community, and studies show the economic and social benefits that a direct link to London would bring to the town.

The second-largest employer in Halifax is HBOS, about which we have all heard lots recently. It faces an uncertain future, but I remain confident that jobs will be secured and that the core of its business will remain in Halifax. Yesterday, I received a letter from the bank's general manager, outlining HBOS's support for the direct rail link. He said:

> "The Calderdale region and, of course, Halifax is a key heartland location for HBOS. A new high speed rail link to London would connect our high quality workforce in Halifax directly with the city. It would prove invaluable to the bank, our colleagues and our business partners. We would definitely welcome this new development."

The support of HBOS is welcome; the bank's is not a lone voice among the business community in Halifax. I have spoken with business owners, such as Roger Harvey, of Harvey's department store, and many others, who said they would use the service to commute to London. They have also told me about the attractions a direct rail link to London would offer their customers and

[Mrs. Linda Riordan]

investors. We need only look at the early success of the service from Wrexham and the profile it has given north Wales to see the benefits of direct rail services for medium-sized towns.

In a week when a report outlined that not enough has been done to promote rail growth and capacity increases over the past year, I would welcome an indication from my hon. Friend the Minister about what the Government will do to encourage and support applications such as the Grand Union bid. One of the biggest problems in driving forward the plans is the pressure from other operators to have applications turned down. Since the privatisation of the railways there has been a similar scenario to the one that occurred after bus privatisation: major operators win their tenders on the back of competition, but they frown on anyone competing with them.

There is an interesting paradox. When routes become available on the east coast main line, the major operators raise objections to the proposals. The message seems to be, "Get your hands off our territory." If National Express is so worried about the possible success of a Bradford-Halifax-London link, it should have applied to run the service. The company's position is somewhat contradictory. It will not run services from Halifax and Bradford, but is worried about the effect such services might have on its existing core route—an admission that there is market potential.

The rail regulator should look beyond narrow self-interest when the decision is made, and consider the facts, which are simple. There is enough identified capacity on the east coast main line to suit everyone. Everything is in place to give the Bradford to Halifax service the green light. About 40 years ago, Halifax had a direct rail link to London and today, more than ever, we need that link to be restored. Everything is in place to go and Grand Union's visionary plans deserve to be accepted. As we move through the 21st century, rail will be the answer to many of the questions about how to tackle congestion. There are already plans to provide new direct rail links to London for thousands of people throughout west Yorkshire, so it will be baffling and bizarre if those excellent service proposals are turned down.

The return of the golden age of railways can be achieved if only the decision makers show some vision. I urge the Office of Rail Regulation to ignore false arguments from rival operators and to recognise the economic, social and investment benefits of Grand Union's plans. Now is the time to get the proposals out of the sidings, give them the green light and get places such as Halifax back on the main line map for good.

7.48 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I congratulate my hon. Friend the Member for Halifax (Mrs. Riordan) on securing the debate and providing the House with an opportunity to discuss rail services on the east coast main line.

I recognise the fervour with which my hon. Friend put the case for Halifax. She is absolutely right to say that we want the best use of the infrastructure. We want to give people the choice of getting off the roads and on to rail, and the Government are giving them those opportunities through the investment of about £88 million every week that we are making in our rail system. Of course, my hon. Friend will recognise that there are many competing demands on slots, and we want to make sure that they are used in the most practical way; as she suggested, we want to make the best use of infrastructure.

The east coast main line is an exceptionally valuable asset in the national transport system. It provides the fastest surface transport between London, the Yorkshire and Humber region, north-east England and Edinburgh. It also provides a key route to London from the east midlands and the east of England—two of the fastest growing regions in England. It is of vital importance for freight, particularly as part of the link from major ports to distribution centres in large conurbations, and to coal-fired power stations.

The east coast main line also supports a long-distance passenger franchise, National Express East Coast, to which my hon. Friend referred. It pays a substantial—and growing—premium to the Government, thereby reducing the taxpayer support needed for the railway as a whole. The challenges faced by the railway industry on the east coast route are principally associated with the volume of traffic and the reliability of services. Growth in the next 10 years is expected to be substantial in almost all the markets served by that route.

My hon. Friend referred to a return to the golden era of the railways. In the past 10 years, there has been a substantial increase in the number of passenger miles travelled on the rail network; the number has reached exceptional levels. That is because of the investment made, and the work that we have done with operating companies and others who deliver the services. Passenger demand for rail has been growing strongly due to a combination of factors, including economic growth in particular. On many routes, including the east coast, that growth has been stimulated by additional services and ticketing initiatives developed by the train operators to encourage off-peak travel.

The most significant use of long-distance passenger trains is for business and leisure travel to and from London. The high number of passengers travelling between London and cities such as Leeds, Newcastle and Edinburgh is due to the size and significance of those major conurbations; the transport links between them are of national economic importance. Other cities that attract large numbers of visitors include York and Durham. The locations of stations on the east coast route—the stations are typically close to city centres—makes rail particularly competitive for journeys from one city centre to another, even from London to Edinburgh.

There is also demand for long-distance, high-speed services to London from many stations that serve towns and cities not directly on the east coast line, such as Halifax, Lincoln, Grimsby, Hull, Middlesbrough, Sunderland, Harrogate, Skipton, Bradford and Huddersfield. All those towns and cities can potentially be served either by direct train services or by connecting services from stations on the main route. The question that the Office of Rail Regulation rightly has to answer, given the number of proposals from several train operators, is which towns should be served by direct trains, and which by connections.

My hon. Friend referred to the work done in February this year, when Network Rail published its route utilisation strategy for the east coast main line. The strategy,

compiled with the assistance of industry parties and other key stakeholders, considered the current and future freight and passenger markets, and assessed the future growth of each. It then sought to show how that growth could be accommodated effectively and efficiently, and proposed measures ranging from the lengthening of trains to the provision of additional infrastructure. The route utilisation strategy recommended that additional long-distance, high-speed passenger services should run to and from King's Cross, in both the peak and off-peak hours. That strategy is expected to cater adequately for forecast growth in passenger demand at least until the end of the route utilisation strategy study period in 2016.

In the longer term, increasing train capacity through the use of the new, high-capacity inter-city express trains, and increasing network capacity by the roll-out of 21st century signalling technology in the form of the European rail traffic management system, might create the potential to deliver a doubling of capacity. However, it will be several years before those enhancements can be delivered, and the Government therefore believe that it is necessary to develop and implement an improved timetable in the shorter term, using essentially the current infrastructure.

We recognise that any increase in service frequency in advance of infrastructure enhancements is likely to be limited to the off-peak periods when the performance impact of such an increase can be largely offset by improvements to the structure of the timetable, including the adoption of a regular repeating service pattern. Owing to the significance of the route, it is especially important that Network Rail and the Office of Rail Regulation should take particular care to ensure that the trains and train operators granted access to run on the route should be the ones that will make the best use of it, and make the greatest contribution to the economic health of the regions that the route serves—a point mentioned by my hon. Friend—and to the financial health of the railway system.

I shall take a few moments to outline the process by which those decisions are reached and will be shortly concluded. Simultaneously with the publication of Network Rail's rail utilisation strategy in February, the Office of Rail Regulation sought from train operators—freight and passenger, franchised and non-franchised—forecasts of the number of additional train paths they would need to satisfy their business aspirations over the next few years. Sixteen train operators provided substantive responses, including Grand Northern, which applied for six return weekday paths between Bradford and King's Cross and four at weekends; Grand Central, which applied for an additional daily path to Sunderland; Hull Trains, which applied for four daily services between Harrogate and King's Cross via York; and National Express East Coast, which applied for a fifth path each hour, running in alternate hours to Lincoln and to York. In addition, several freight operators registered expectations of additional long-distance traffic flows, and a new passenger operator, Platinum Trains, has subsequently applied to run two trains per day to and from Aberdeen, running non-stop between Edinburgh and London.

The ORR has sensibly decided to consider all those aspirations for long-term capacity together and has put in hand the detailed analysis of the various plans necessary before it can be in a position to determine the best long-term allocation of capacity. It is recognised that many of the prospective operators will need to invest large sums of money, particularly in rolling stock, so they need time to plan ahead and assurances that they will be able to operate the services for a reasonable number of years.

Accordingly, the ORR asked Network Rail to produce a capacity and performance report analysing the various aspirations against available capacity. That report was published on 26 September this year and set out the extent to which the stated requirements of all operators, including freight, can be met; the level of flexing to existing rights, and changes to the existing timetable, that would be required to meet operators' stated requirements; and the likely impact of such changes on reliability and punctuality. Network Rail's report demonstrates conclusively that it is possible to produce a satisfactory timetable that can include six passenger services and one freight service every hour, and that such a timetable is not inconsistent with an acceptable level of future performance. The report recognises that there are many ways in which the detailed content of the timetable might be constructed, but it does not identify the optimum timetabling solution; nor does it assess the impact on services on the routes that adjoin the east coast main line.

Many of the uncertainties could be resolved if the ORR were to reach a preliminary decision on its preferred option for the allocation of capacity. Such a decision would be based on economic analysis and other high-level considerations such as the impact on future major investment in the east coast main line. Such a preliminary decision would be possible in a relatively short period without the production of a full timetabling solution, and it would enable the ORR to make its final decisions with a sound understanding of the practical considerations. However, the ORR has a substantial task in reaching even a preliminary decision, because that involves a careful balancing of its statutory duties. It has to promote the use of the railway network in Great Britain for the carriage of passengers and goods, and the development of that railway network, to the greatest extent that it considers economically practicable; to promote competition; to enable persons providing railway services to plan the future of their businesses; and to have regard to the funds that are available.

I recognise the issues that my hon. Friend has raised as regards Halifax. Of course, some of them can be accommodated in various ways, but opening access and providing the services that she is looking for would require a substantial amount of work and involves need to find opportunities in the context of limited capacity—even though there is increased capacity available—to meet the aspirations of all those who seek to run additional services.

In conclusion, those are just some of the matters that the ORR will need to take into account in the assessment that it is making, which is due shortly. It needs to make the decision on the basis of the various applications that it has before it. I have no doubt that of the 10 cities and towns that I listed, some will gain new direct London trains in the next two years, but I suspect that they cannot all be successful. I recognise the case that is being put forward for Halifax and the obvious hard work and commitment of my hon. Friend in seeking those direct services. Equally, I have no doubt that she is aware of the complexities that exist. As she recognised,

[Paul Clark]

this is not a simple matter, because of the complexities involved in getting the best out of the infrastructure that we have. She will also know, however, that we are putting substantial resources into increasing capacity now and in future, and that is part of the work that is being undertaken by Network Rail and the rail industry.

I support increased capacity and increased rail opportunities throughout the length and breadth of the country. I recognise my hon. Friend's commitment to Halifax and congratulate her on securing this debate.

Question put and agreed to.

Adjourned accordingly at three minutes past Eight o'clock.

House of Commons

Thursday 30 October 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES (SHOPPING BAGS) BILL
(BY ORDER)

Order for Second Reading read.

To be read a second time on Thursday 6 November.

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Small Businesses

1. **Mr. Don Touhig** (Islwyn) (Lab/Co-op): What assessment he has made of the effects of recapitalisation on the policies pursued by the recapitalised banks on providing credit to small businesses. [231511]

The Chancellor of the Exchequer (Mr. Alistair Darling): The measures that I announced on 8 and 13 October included agreements with the banks that use the bank reconstruction fund that they would maintain the availability and active marketing of competitively priced lending to small businesses at 2007 levels.

Mr. Touhig: As a former chairman of a county council finance committee, I once borrowed £37 million from the European Investment Bank; I also managed to pay it back. I welcome today's announcement that the bank is to make £4 billion-worth of credit available for small companies in this country. Many of them are faced with bully-boy tactics from British banks, which are simply cancelling their overdraft facilities and denying them vital capital to invest. What action can the Government take to ensure that British banks give small businesses the same support that our Government have given the banks?

Mr. Darling: I agree with my right hon. Friend that it is important that we do everything we can to support small and medium-sized businesses in this country. They employ more than half the work force and account for an important part of the economy. In addition to the EIB making £4 billion available to British banks, we want to ensure that the banks that have used the bank reconstruction fund make funds available at the equivalent of 2007 levels, and that they make that EIB money available. That does not mean that everyone who comes through the front door of a bank will get what they want, on the terms that they want, but it is important that British banks play their part. We, on behalf of the taxpayer, have put a lot of money into the banking system because we recognise its importance. In turn, banks have to recognise the importance, not just to the country but to the banks, of ensuring that small and medium-sized enterprises get the support that they need.

Mr. Michael Fallon (Sevenoaks) (Con): Will the Chancellor clear up the position that the newly appointed Government directors of the banks in question will take when considering such lending? Will they be required to act in the interests of the Government, the taxpayer, or—as proper company directors do—the business?

Mr. Darling: I made it clear when I made my announcement in the middle of last month that even the banks in which we are taking significant shareholdings need to operate in a commercial manner. They will operate at arm's length from the Government. All directors have one duty, and that is to represent the interests of their shareholders; of course, the Government, on behalf of the taxpayer, will be a major shareholder in three of the banks. No doubt we will explore the issue further when I appear before the Treasury Committee, of which the hon. Gentleman is a member, on Monday afternoon.

John McFall (West Dunbartonshire) (Lab/Co-op): The Chancellor, along with the Governor of the Bank of England and the chairman of the Financial Services Authority, has kindly agreed to come along to the Treasury Committee's banking crisis inquiry on Monday. We asked the public what questions they would like to ask the Chancellor, the Governor and the chairman of the FSA, and more than 1,500 e-mails have been received. One big issue is that the banks do not play fair with savers and small businesses. The taxpayer is the lender of last resort, but today will the Chancellor and Lord Mandelson impress on the banks that the taxpayer will certainly not be the sucker of last resort?

Mr. Darling: My right hon. Friend has done a good job of providing a trailer for Monday afternoon's performance. He rightly draws attention to the fact that today, many businesses find things difficult because of the prevailing economic conditions. We need to make sure that banks do not make a difficult situation worse. As I say, that does not mean that every business will get what it wants, on the terms that it wants—because although something might have been a good business prospect 12 months ago, the situation may be different today. It means that banks have got to play their part. Small businesses rely on banks for support more than large businesses do. The banks need to remember that although they go looking for customers in the good times, when times get more difficult their customers depend on them, so it is important that they play their part. My right hon. Friend Lord Mandelson, the Secretary of State for Business, Enterprise and Regulatory Reform, will meet small business representatives and banks regularly to ensure that if problems arise, we work through them, because it is important that we make sure that support gets through to where it is needed.

Mr. Richard Spring (West Suffolk) (Con): Is the Chancellor aware that some banks are changing small businesses' overdraft facilities to loan facilities, with an even higher rate of interest, at a time of difficult commercial problems for small businesses? When the Chancellor and the noble Lord Mandelson hold the meetings just

mentioned, will the Chancellor bring to the attention of the bankers just how devastating the changes are to businesses' cash flow and chances of survival?

Mr. Darling: Yes, and Lord Mandelson and I raised those cases when we met the chief executives of the major banks a week ago today. We will continue to raise those matters. If hon. Members come across such cases, they will obviously make inquiries about what exactly happened. If there appears to be no justification for what has happened to a business and put it in difficulties, my colleagues and I will be very pleased to hear about it from hon. Members, the hon. Gentleman included.

Lyn Brown (West Ham) (Lab): I congratulate the Chancellor on the recapitalisation of banks, which has been admired and copied throughout the world, but was that task helped by the leaking of confidential documents by the Bank of England and by the hon. Gentleman on the Opposition Front Bench on "The Andrew Marr Show"? What does the Chancellor think of his opposite number's judgment? *[Interruption.]*

Mr. Speaker: Order. Did the hon. Lady warn the shadow Chancellor that she was going to make an attack on him?

Lyn Brown: No, Mr. Speaker.

Mr. Speaker: Well she should have done. I call Julian Brazier. *[Interruption.]* Order. The hon. Lady must behave herself.

Mr. Julian Brazier (Canterbury) (Con): The Chancellor has made a series of assertions to comfort small businesses, but may I now direct him back to the question from my hon. Friend the Member for Sevenoaks (Mr. Fallon)? The Chancellor knows perfectly that the duties of directors are laid down extremely clearly in law and are tightly and narrowly drawn. Does he plan to introduce an order to vary the legislation on that, or not?

Mr. Darling: No, Mr. Speaker.

Mr. David Kidney (Stafford) (Lab): I can understand why the Chancellor would not want the request to the banks to lend at 2007 levels to be taken as a green light to repeat the mistakes of the past in terms of irresponsible lending, but does he agree that any analysis will show that there has been very little evidence of irresponsible lending by banks to small businesses? Therefore, will the Chancellor ensure that the banks maintain their focus on keeping credit lines open to small businesses?

Mr. Darling: Indeed, that is what I was saying just a few moments ago. The point that I was making was that there will be occasions when a business with a credit line or other facilities with a bank may have a perfectly good business, but for perfectly understandable reasons circumstances may have changed and the bank may then say, "Look, we'll have to change the arrangements." I think that everyone understands that. What people do not understand is if a bank, especially one that has had the benefit of a substantial injection of public funds, has a blanket policy of saying to people, "Actually, we're not concerned about you at all, and we'll cut your credit and put you into difficulties." In any banking operation, whether it is lending to individuals or to businesses, there must be discretion, and Opposition Members made the point that directors clearly have a duty to the banks' shareholders. But at present, learning from what has gone wrong in the past, if we do not ensure adequate funds are available to small and medium-sized enterprises, we will exacerbate the situation. That is why, both in terms of capitalisation of the banks and the measures that we announced earlier this month, and today's announcement in relation to persuading the EIB to come forward with substantial sums, I hope that banks will play their part, because it is as much in their interests as it is in everybody else's that this works.

Mr. George Osborne (Tatton) (Con): I look forward to the advance warnings of the attacks on me, which certainly would have helped in the last week.

The banks, of course, should act responsibly to help small businesses as the economy deteriorates, but does the Chancellor agree that the Government should act responsibly as well? Can he confirm that he is still— *[Interruption.]*

Mr. Speaker: Order. We must allow the hon. Gentleman to be heard.

Mr. Osborne: Thank you, Mr. Speaker.

Does the Chancellor still plan to increase the small companies tax rate next April? Does he agree that even if this was a good idea two years ago—and I did not agree that it was—it is certainly not a good idea when we are in recession? Will he now abandon this tax rise? If he does not do it now, he will certainly have to before the Budget in April.

Mr. Darling: I agree that the Government have to play their part in supporting businesses and in supporting individuals. For example, the fact that we have reduced the amount of tax paid by basic rate taxpayers is an extremely useful step. We have frozen fuel duty, and if I may say so—if the hon. Gentleman does not take this as an attack—that is a much better policy than the fuel duty escalator that he announced in July, which would have resulted in fuel duty having to go up now, at the very time when businesses want tax to come down. We will continue to do everything that we can to help businesses, because that is very important.

Mr. Osborne: The Chancellor of the Exchequer is planning to increase the small companies tax rate next April. If he wants to talk about cars, I should say that he is still planning the big increase in family car tax next April as well. Surely the thing that would most help small businesses—this is a simple statement of fact—is a sustained reduction in interest rates.

The Chancellor and I agree that the Monetary Policy Committee must make its own decisions, but the Government should do nothing that gets in the way of that. Will we have an end to all this irresponsible spinning about Keynesian spending splurges and all this irresponsible nonsense about borrowing without limit, which have spooked the international markets? Can we instead have from the Chancellor a clear plan to get the public finances back under control? Is it not the case that on the current path, this Labour Government are set to leave behind them the biggest budget deficit of

any Labour Government in the entire history of this country? Again, the Conservatives will have to clear up the mess.

Mr. Darling: If I were the hon. Gentleman, I would say a little bit less about spinning. Let me deal with the points that he has raised. First—and this perhaps goes to the heart of what is now emerging as a difference between the two parties—at this time in the economic cycle, and in the face of the extraordinary conditions that we face just now, it is right that we support the economy. Yesterday, the hon. Gentleman said in *The Daily Telegraph* that he was against borrowing. That would have a profound consequence for the economy. He might want to have a word with the shadow Chief Secretary to the Treasury, who in the space of one single interview said:

"Increasing borrowing is not a strategy for dealing with the recession",

and, seconds later:

"To increase borrowing to deal with an economic downturn—that's a perfectly sensible thing to do."

The Conservative party is all over the place on the issue. In relation to interest rates, during one of the last debates that we had here I made it clear that the Bank of England has a remit sufficiently wide to enable it to take into account the wider economy. I also have to say to the shadow Chancellor that he said in the House on 14 October that he made it a practice not to comment on interest rates. Yet yesterday he was calling on the Bank of England to cut interest rates.

It seems to me that the hon. Gentleman has not a clue about how to deal with this problem. What the public want is a clear course of action, and decisive action being taken. That is what we are doing. It is obvious now that the Conservative party and the hon. Gentleman are completely incapable of sticking to a decision and seeing it through.

Mortgage Lending

2. **Mary Creagh** (Wakefield) (Lab): What recent assessment he has made of the support being offered by banks recapitalised with public funds to mortgage holders. [231512]

The Chief Secretary to the Treasury (Yvette Cooper): The Government have agreed a range of commitments with the banks supported by the recapitalisation scheme. They include arrangements to make available affordable mortgage products over the next three years and to help individuals who are struggling with their mortgage payments to stay in their homes.

Mary Creagh: I spoke to Wakefield citizens advice bureau representatives yesterday and they told me that there is a three-week waiting list for people in our district who wish to be referred for help, particularly in respect of mortgages given out by Northern Rock and HBOS. Will my right hon. Friend make sure that she ignores a recent paper from the Conservative party that saw no need to regulate the provision of mortgage finance, as that would be truly catastrophic for this country's economy?

Yvette Cooper: My hon. Friend is right. I am aware of the concerns about people wanting more debt support and advice in our district, too, and that is the case right across the country. That is why we have substantially increased the investment in providing debt advice in the past 10 years. We are looking into what more we can do, because people need more support. My hon. Friend is also right to say that, at the heart of this, it would have been utterly irresponsible to cut the regulation of mortgage provision, as some in the Opposition seem to advocate.

Sir Peter Tapsell (Louth and Horncastle) (Con): Do the Chief Secretary and her right hon. Friend the Chancellor agree that with the recapitalisation of our banks it was urgently needed that, as in America, there should be substantial cuts in interest rates, yet the current position is that our interest rates are 3½ per cent. higher than those in America? The present state of apparent paralysis of the Monetary Policy Committee—which I may say that I predicted in 1997 would be the case whenever there was a crisis—is adding to the problems facing mortgage holders.

Yvette Cooper: I know that Opposition Members opposed and voted against the independence of the Bank of England at the beginning, but after time they said that they supported it. Clearly, they have now changed their position again.

Sir Peter Tapsell: I never changed.

Yvette Cooper: I have to say to the hon. Gentleman that I think it is right to have an independent Bank of England. That is why interest rates are 4.5 per cent. instead of the 15 per cent. that they reached at the end of the '80s and in the early '90s. It is right that the Bank should take these decisions, not only to ensure that it has the inflation target in mind but to support the economy in the way that its remit allows it to do.

Mr. George Mudie (Leeds, East) (Lab): Lloyds TSB was bailed out with £5.5 billion of Government money. Since then, it has refused to pass on the recent interest rate cut and has increased the rate for its tracker mortgages. In the past couple of days, it has stopped existing customers moving from repayment mortgages to interest-only mortgages, which is a first step in easing people's mortgage payments. As we are one of the biggest shareholders in this bank, does the Minister agree that at the next meeting we should ask our managers to review those destructive lending policies?

Yvette Cooper: My hon. Friend is right to raise questions about what is being done by the lenders who have help from the recapitalisation scheme. They have agreed to make available lending at 2007 levels, and we will put in place procedures to monitor how they are maintaining availability of mortgage lending. As hon. Members have said, it is right, given that the Government are taking action to support the banks, that the banks should take action to support mortgage holders and home owners across the country.

Dr. John Pugh (Southport) (LD): Why is the publicly owned Northern Rock now the most ruthless and unforgiving of any institution in pursuit of defaulters of any kind?

Yvette Cooper: As the hon. Gentleman will know, Northern Rock operates at arm's length and on a commercial basis, and it is right that it should do so. I

am aware of concerns that have been raised by charities about Northern Rock's lending, and as a result it will meet some of those charities. They have particular concerns about its Together mortgages, which were, in effect, mortgages of over 100 per cent. It is right that all lenders, not only Northern Rock and those that have support from the recapitalisation scheme, should do everything they can to make repossessions, properly, a last resort, not a first resort. That is why we have introduced new court rules to strengthen the procedures to ensure that borrowers who get into difficulties can be offered alternatives and other support.

Emily Thornberry (Islington, South and Finsbury) (Lab): Will my right hon. Friend reassure the House that she would never have welcomed the report by the right hon. Member for Wokingham (Mr. Redwood) calling for the complete deregulation of the mortgage market, because to do so would show a total lack of judgment that could be taught only at the Bullingdon school of being on another planet?

Yvette Cooper: My hon. Friend is right. To propose reducing the regulation of mortgage lending at such a time, a matter of weeks before the credit crunch hit, was not only irresponsible but did indeed demonstrate a lack of judgment.

Repossessions

3. **John Howell** (Henley) (Con): What assessment he has made of the repossession policies of banks recapitalised with public funds. [231513]

The Chief Secretary to the Treasury (Yvette Cooper): We are concerned to ensure that all lenders do more to help people to stay in their homes at this difficult time. In addition, as part of the recapitalisation arrangements, HBOS, Lloyds TSB and the Royal Bank of Scotland have agreed to put additional funding into shared equity and shared ownership schemes to help borrowers who are in difficulties with repayments.

John Howell: Does the Chief Secretary not share my concern for constituents who see Members of Parliament as their only option to intercede with the courts to stop repossessions while they get their finances in order, because the banks have not allowed them time to do so? She may say what she likes about encouraging banks to change their policies, but how is she going to deliver?

Yvette Cooper: The hon. Gentleman mentioned the courts, and we have introduced new court rules and procedures that will make clear for the courts, and lenders, the sort of things that they will be expected to do before taking a repossession case, which the court will then ask them serious questions about. Those procedures were introduced during the past week, and will be an important part of ensuring that all lenders follow what is already best practice among some lenders in some cases. We are concerned about cases where that does not happen, and mortgagee repossessions should be a last resort in all cases. We do not want a return to the early 1990s, when the hon. Gentleman's party was in power and 140,000 families lost their homes in the space of two years.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): Does my right hon. Friend agree that the current crisis stems from the fact that there is no trust or confidence between banks? They are not lending money to each other, so the wholesale markets have collapsed. The main reason for that is their exposure to substantial debt. As well as recapitalising the banks and underwriting their lending, is it not about time we insisted that they declare their exposure to the debt, draw a line under the matter, and move on?

Yvette Cooper: My hon. Friend is right in that a range of issues have led to the collapse in trust and confidence between banks, and what started with dodgy lending in the United States sub-prime mortgage market has infected financial institutions throughout the world because of the way in which they were lending to each other—bundling up assets—and they have now lost trust with regard to where those problem debts lie. We have urged much greater transparency, not just here but across the world. This is a global issue, and a global lack of trust has developed in the financial markets. It is important that we have a global approach to transparency, as well as to recapitalisation.

Mr. Mark Hoban (Fareham) (Con): Last week the Chief Secretary said that she wanted repossessions to be a lot rarer. Yet despite reassurances last year about the quality of its mortgages, Northern Rock is repossessing more homes than any other lender. Is she saying that the reassurances she gave were wrong, or are her demands just hot air?

Yvette Cooper: If the hon. Gentleman had been listening earlier, he would have heard me say that Northern Rock has agreed to meet charities that have raised concerns about its position. It also has issues with some lenders who have taken out Together mortgages, which people are aware of; those are mortgages of more than 100 per cent.

However, this is not simply a matter of Northern Rock. It is about every lender recognising its responsibilities to do the right thing by its borrowers and to look for alternatives. That might mean repayment holidays or looking for different mortgage rescue schemes, which is why this Government have introduced extra investment for mortgage rescue schemes, new rules for the courts to follow and increased support for mortgage interest for people who lose their jobs. That is the right thing to do, and I point out to the hon. Gentleman that on the day we announced the extra support for mortgage rescue schemes, his party was advocating increased tax cuts for millionaires' estates. That is the wrong priority at a time like this.

Employment

4. **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): What steps he is taking to ensure that his macro-economic policies support the provision of employment opportunities. [231516]

The Financial Secretary to the Treasury (Mr. Stephen Timms): We are maintaining our commitment to high employment. There are more than 600,000 job vacancies currently, and most people who have lost their jobs are finding work again quickly. We have also announced

£100 million over three years to train people facing redundancy so that they can move quickly into a new job.

Ms Buck: Mr Speaker, I wonder whether it might be possible for you to accept a note signed by everyone on the Labour Benches, because for the next 18 months we all intend to do little else other than attack the shadow Chancellor. *[Interruption.]*

Mr. Speaker: Order. A genuine attack is one thing, but a personal attack on anyone's integrity will be stopped. I just put that on the record, but I know that the hon. Lady will not indulge in any personal attacks on anyone.

Ms Buck: Perish the thought, Sir.

Yesterday I met representatives of the G15 group of major housing associations in London. They are concerned that the dip in house sales will have significant consequences for social house building. That has consequences for the construction industry and related trades. Will my right hon. Friend liaise with the Department for Communities and Local Government and others to ensure that construction—social housing and other forms of construction—goes ahead so that those infrastructure jobs are delivered in London and elsewhere?

Mr. Timms: My hon. Friend makes an important point. She knows from our announcements last month the high importance we attach to maintaining investment in social housing and bringing forward some of the investment that has already been committed. She will also know, through her extensive work on the problems of child poverty in London, about the good and imaginative initiatives of several housing associations to maximise the benefits of employment from house building and to work with their tenants to increase employment. She is right that we need to use the opportunity of investment in social housing, maintain our commitment to it and bring investment forward to increase employment.

Mr. Michael Jack (Fylde) (Con): Will the Financial Secretary reflect on the fact that small and medium-sized enterprises in my constituency are working hard to maintain employment opportunities, but that dealing with punitive interest rates and arrangement fees, which many now have to face, is making that extremely difficult? In his discussions with the banks, will he agree a set of principles with them that recognise the needs of small and medium-sized enterprises in our country, especially given the effect of punitive interest rates on employment opportunities?

Mr. Timms: My right hon. Friend the Chancellor has discussed exactly that matter with the banks, recognising the importance of supporting small businesses through the period of turbulence in the world economy. Her Majesty's Revenue and Customs is also considering ways in which to support small businesses through this period, and I hope that we will be able to say something about that soon.

Frank Dobson (Holborn and St. Pancras) (Lab): Does my right hon. Friend recognise that most people hope that the Government will continue to step up investment in social housing and ignore the views of, for example, the stupid, comfortably off collection of professors and ne'er-do-wells who wrote in *The Times* that Keynesian overspending would not rescue the economy, and claimed that the Government's investing as they propose to do would lead to the serious misallocation of resources? Most people believe that investing in houses for people who do not have anywhere decent to live is a proper allocation of resources—much better than anything that came from the market forces in banking, which led to the problems that we all face today.

Mr. Timms: My right hon. Friend is absolutely right about the need to maintain our commitment to investment. We have put right a past policy of chronic under-investment in housing and in other public services. We now need to maintain our commitment to investing in public services, especially housing.

Mr. Crispin Blunt (Reigate) (Con): If, after 15 years of benign conditions, a business went into more difficult times running a loss of nearly 10 per cent. on its turnover, its bankers might ask serious questions of its management and charge a risk premium on future lending to that institution. The United Kingdom is in that position. What risk premium will we have to pay to fund the Government's macro-economic policies during the recession?

Mr. Timms: As the hon. Gentleman knows, we have reduced debt. The IMF said:

"For over a decade, the United Kingdom has sustained low inflation and rapid economic growth—an exceptional achievement...the fruit of strong policies and policy frameworks, which provide a strong foundation to weather global shocks."

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend is well aware that construction sites are closed at the moment and that an announcement is due any day from Leyland Trucks about compulsory redundancies. What can we do to get Britain back to work and to ensure that we have procurement policies and a "Buy British" campaign? That is what we want from the Government. Will they launch that campaign? Let us back Britain, support British jobs and get Britain back to work.

Mr. Timms: We must work hard to ensure that people losing their jobs can return to work as quickly as possible. My hon. Friend will know that the consultation on the recent welfare reform Green Paper ended this week. It contains important proposals that we want to take forward. We want to support small businesses, as we have already set out, as well as companies large and small throughout the UK. However, the key is to ensure that if people lose their jobs, they do not get a long way from the labour market, as happened in the recessions under the Tories, when far too many people were pushed on to incapacity benefit, for example. That no doubt dealt with the short-term political problem, but too many of those people have never been able to get back into work. We need to keep people close to the labour market, so that they can get back into work as quickly as possible.

Mr. David Gauke (South-West Hertfordshire) (Con): May I seek some clarity from the Minister on whether the Government are seeking to introduce a fiscal stimulus programme to prevent increases in unemployment? We all know that tax receipts go down in a recession and

that welfare bills go up. Over and above those automatic stabilisers, however, do the Government believe that more borrowing will help the economy, or do they accept that we cannot spend our way out of a recession and that the main consequence of such a policy would be to make it harder for the Bank of England to cut interest rates?

Mr. Timms: It is right to support the economy at a difficult time in the world economy. We have a low rate of borrowing on the latest figures compared with other developed countries. That is why we are in a position to allow the rate of borrowing to increase, in order to support businesses and the economy.

Phil Wilson (Sedgefield) (Lab): Will my right hon. Friend share with the House his views on the belief held by some people that it is a function of capitalist markets to make money out of the misery of others? Is he aware, too, that people who believe that also believe that unemployment is a price worth paying?

Mr. Timms: I remember a time when views of that kind were expressed on the Government Benches. It is a matter of shame that some of those points were made. It is also a matter of deep regret that the Conservative party opposed the ban on short selling. I think that that position was a serious misjudgment.

Audit

5. **Mr. David Heath** (Somerton and Frome) (LD): What assessment he has made of the effectiveness of audit in the regulation of financial institutions; and if he will make a statement. [231517]

The Chancellor of the Exchequer (Mr. Alistair Darling): Audit plays an important part in ensuring effective regulation of the financial institutions.

Mr. Heath: How is it that the auditors of big companies, whose job is to ensure regularity and probity in the public interest, can apparently wave through the accounts of big companies whose finances, it then transpires, are so vulnerable and precarious? Is there not a suspicion that the concentration of audit of big companies in the hands of a few large accountancy firms has created far too cosy a relationship between those firms and the companies that they audit? If the Chancellor agrees with that concern, is he going to do anything about it?

Mr. Darling: I agree with the hon. Gentleman that the fact that there are comparatively few large accountancy firms that can carry out audits can be a problem. I am not sure that we can simply produce more auditors just like that, but as I have said on a number of occasions, the first line of defence in any regulatory system must be the board of directors of banks and other companies, too. Auditors also have their role to play, to ensure that people understand the risk to which they are becoming exposed. That is an important function that should never be overlooked.

Mr. Andrew Love (Edmonton) (Lab/Co-op): It is clear that there has been a collective failure of financial regulation, no more so than among the credit reference agencies. The issue is particularly complex, but what consideration has my right hon. Friend given to reform in this area to ensure that we do not see the sort of double standards that we have seen with credit reference agencies up to now?

Mr. Darling: I agree with my hon. Friend. He will recall that, really since last autumn, we have been calling for reform of the way in which credit rating agencies operate. That is something on which we need an international agreement; we cannot do it in one country. Indeed, given the nature of our banks and other financial institutions, there would need to be agreement here. We have been calling for that at meetings of the IMF and the Financial Stability Forum, and it is also something that we are pursuing actively through the European Union. Such an agreement is one of many reforms that need to be put in place, because we need to recognise that the financial markets today are very globalised. We therefore need to ensure, right across the piece, not only that we have a robust domestic regulatory regime, but that there is increasing international co-operation, as we are now seeing. More than 30 big banks are now being regulated by colleges of regulators from different countries, so that they all know what is going on and will therefore be better equipped to spot problems far earlier than in the recent past.

Stewart Hosie (Dundee, East) (SNP): The Chancellor will know that credit default swaps are credit derivative contracts between two counter-parties, and that they played a role in the collapse of Lehman Brothers and Bear Stearns. Effectively, these derivatives separate the management and ownership of the credit risk from the qualitative aspects of ownership of the underlying asset. They are very complicated, more so because derivatives now look not only at equity, commodity and currency markets but at more subjective risks as well, making them very volatile. How does the Chancellor envisage audit capacity being enhanced so that auditors can fully understand and report on the real risks to institutions and investors?

Mr. Darling: The point that the hon. Gentleman is making is that banks and their directors need to understand the risks to which they are becoming exposed. The problem is not necessarily the instruments themselves, because it makes sense to insure and reinsure against risks, which is perfectly okay as long as people know what they are doing. The problem is that those at the top of rather too many institutions did not seem to know what they were doing. The hon. Gentleman is quite right to say that we need to have effective audit. The directors of the banks need to know what they are doing, and—as I said last night in my Mais lecture—the supervisors and regulators also need better to understand what individual practices are doing and the exposures that banks are entering into, because this is not just a problem for individual banks. There are systemic problems, as has been graphically shown, and the hon. Gentleman has given the House two examples from the United States of institutions that are no longer with us.

Vehicle Excise Duty

7. **Tim Loughton** (East Worthing and Shoreham) (Con): What plans he has to make an announcement on vehicle excise duty as part of the pre-Budget report. [231520]

The Exchequer Secretary to the Treasury (Angela Eagle): The changes to vehicle excise duty were set out in Budget 2008, and they are scheduled to be legislated on in the Finance Bill in 2009.

Tim Loughton: In West Sussex, during half-term week, the traffic levels on the A27 typically fall by about 20 per cent., due to the absence of the school run. This is related to the impracticalities of public transport, and is happening despite the fact that we are encouraging car sharing, which typically requires larger cars. Worthing also has a disproportionate number of elderly and disabled constituents who require larger cars for their mobility equipment. How does the Minister suggest that those constituents change their driving behaviour, given that they are to be faced with the treble whammy of swingeing increases in vehicle excise duty, plummeting second-hand car sale values, and no money being available to buy new, environmentally friendly cars?

Angela Eagle: It is important to remember that 55 per cent. of motorists in graduated VED will be better off, or no worse off, under these proposals. There are family cars and larger cars at or under the 160 g/km emissions level, below which the motorist will be either better off or no worse off.

Stephen Hesford (Wirral, West) (Lab): On the cost of motoring, has my hon. Friend made an assessment of the policy of a fuel duty escalator? If so, does she agree that it would be a ridiculous misjudgment to implement such a policy?

Angela Eagle: Under a policy of fuel duty stabilisers, we would now be putting an extra 5p a litre on fuel duty. That would directly affect prices at the pump, which would affect the cost of motoring far more than VED.

Justine Greening (Putney) (Con): The Government's planned unfair road tax rises will bring in £1.8 billion over the next two years. That is money that families could have done with in their own pockets, rather than the Government's. Are the Government not making a difficult situation worse for those families? The reality is that Ministers should ditch this road tax rise. It does not support families; it does not support the economy; and it does not even support the environment.

Angela Eagle: Why is the hon. Lady talking about that, when her policy would put 5p on fuel duty now, creating an increase that would feed right through to the pumps? That is bad judgment.

VAT

8. **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): If he will reduce the rate of value added tax on membership fees for health clubs and gymnasiums. [231521]

The Financial Secretary to the Treasury (Mr. Stephen Timms): No. The Government do not think that this change would provide well-targeted, cost-effective support for their objectives. That view was supported by the 2004 Wanless report "Securing Good Health for the Whole Population", which argued that it would be ineffective and unfair. However, we keep these matters under review.

Jeff Ennis: I know that my constituent Mr. Ian Williams, who runs the Empress health club in Mexborough in my constituency, will be disappointed with that response. The health club is excellent and has full boxing facilities for Mexborough boxing club. It ticks all the right boxes as far as the Government are concerned in terms of health, well-being and community cohesion, and yet Mr. Williams is finding it increasingly difficult to compete with Denaby sports centre down the road, a local authority trust facility which is VAT exempt. Given my right hon. Friend's response, will he look at the issue again? If he is not willing to do so, will he give me any other financial advice that I can offer to Mr. Williams, because this facility will close if we cannot get additional help to it?

Mr. Timms: I am aware of concerns about competition with regard to leisure centres. HMRC has discussed that with some of those involved, but of course I would be happy to talk to my hon. Friend about it. It may well be that the help that we have talked about today for small businesses will be valuable in that particular case.

Counterfeit Currency

9. **Mr. Christopher Chope** (Christchurch) (Con): What estimate he has made of the number of counterfeit pound coins in circulation; and what steps he is taking to remove them from circulation. [231522]

The Economic Secretary to the Treasury (Ian Pearson): The latest survey conducted by the Royal Mint indicated a potential counterfeit level of around 2 per cent. The Royal Mint continues to work closely with the police, banks and cash-in-transit companies to introduce more robust methods for detecting and removing counterfeit coins from circulation.

Mr. Chope: Is not the biggest scandal not the number of counterfeit coins but the fact that each of these counterfeit pounds in the pocket is worth 14 per cent. less than they were at the time of the last general election? Is not that 14 per cent. devaluation of the pound a tragedy for our country and a reflection of the failure of this Government's economic policies?

Ian Pearson: The hon. Gentleman is imaginative in trying to get a dig at the Government. The key point, of which he will be aware, is that we have robust coinage in this country. We have strong enforcement mechanisms to ensure that counterfeit coins and notes are rigorously followed up. The counterfeit note rate represents something like 0.013 per cent. of the average stock of notes in circulation. We take vigorous action in these areas, and I am sure he welcomes that.

Topical Questions

T1. [231536] **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr. Alistair Darling): The core purpose of the Treasury remains to ensure the stability of the economy to promote growth and to manage the public finances.

Ms Buck: My right hon. Friend may be aware of the Help for Heroes campaign, which is raising money to support those injured and disabled in the service of our country. Next week, contestants on "The X Factor" will release a charitable single to raise money for that excellent cause, but as things stand they are liable for VAT on the proceeds. I wonder whether there is anything that he can do to help.

Mr. Darling: I very much support the Help for Heroes campaign and the efforts made by contestants on the "The X Factor". In recognition of that, I am proposing effectively to waive VAT on the sale of the singles. We will do that by making a donation to the fund equivalent to the value of the VAT.

T2. [231537] **Andrew Rosindell** (Romford) (Con): The Chancellor's predecessor, the Prime Minister, once stated that losing control of public expenditure does not help the poor. How can the Chancellor reconcile that with his plans to increase both borrowing and public expenditure? Will he give an undertaking that he will not increase taxation, which would again harm the poor in our country?

Mr. Darling: If the hon. Gentleman thinks that our policy of supporting the economy is wrong, he should have a word not only with the shadow Chief Secretary, but also with the leader of his party, who said on the "Today" programme on 20 October that at a time like this

> "borrowing goes up. That is inevitable...you have to allow that to happen. Those automatic stabilisers as Keynes called them, those have to operate."

If it is good enough for the Leader of the Opposition, it ought to be good enough for someone who, I presume, supports him.

T3. [231538] **Mary Creagh** (Wakefield) (Lab): I recently visited TEi Engineering in Wakefield, an engineering firm that is training the next generation of young apprentices, men and women, to be welders to build the next generation of eco-power stations. It is desperate for further investment to increase the skills of its staff. Does my right hon. Friend agree that cutting £1 billion from the Train to Gain programme would be catastrophic for firms across the country?

Mr. Darling: I agree with my hon. Friend. Maintaining investment in training is essential. As we get through the present difficulties, the opportunities for this country and, importantly, for the people of this country are immense.

I also agree with what my hon. Friend said about nuclear power. At a time like this, when we must reduce our dependence on imported gas and oil, it is imperative that we invest in the new generation of nuclear power stations. That is another example of the Conservative party's inability to face up to the difficult decisions that we need to make for the benefit of the people of this country.

Dr. Vincent Cable (Twickenham) (LD): The Chancellor knows about the enormous anxiety in charities and local government about the billions lost in Icelandic banks, and the thousands of British savers whose savings disappeared because they were routed through Kaupthing Isle of Man. Now that he has confirmed that he was informed of the difficulties of Icelandic banks months ago, will he place in the House of Commons Library a full record of the information that the Treasury was given over the past year, and the action that it took on the back of it to protect British savers' interests?

Mr. Darling: As the hon. Gentleman knows, the Financial Services Authority, which is the regulator of banks, building societies and other financial institutions, monitors what is happening in institutions all the time. That is its job. It is not surprising that, from time to time, the FSA may have concerns about institutions. It speaks to those institutions, and it gets them to try to address those concerns.

As for the Icelandic banks, the fundamental problem was not here but in Iceland. As the hon. Gentleman knows, Iceland has effectively had to take over its banks. I have been trying to persuade the Icelandic authorities to ensure that they honour their obligations to savers in this country under their compensation scheme, and also that they treat creditors in this country fairly and on the same footing as Icelandic creditors. I have had a number of discussions with the Icelandic Prime Minister and Foreign Minister, but so far we have not been given those assurances, which is why I have had to step in to guarantee retail depositors and savers in this country. That is where our obligation lies. I will continue to do whatever is necessary to protect people who find themselves in that position, but what we really must do is encourage the Icelandic Government to conclude their discussions with the International Monetary Fund. Some of those discussions will, I hope, ensure that British creditors—indeed, all creditors outside Iceland—are treated fairly, and in the same way as those living in Iceland.

T4. [231539] **Anne Snelgrove** (South Swindon) (Lab): Is it bad judgment to oppose Government action to protect small savers' money in banks and building societies, or just another example of social justice from the perspective of the Bullingdon club?

Mr. Speaker: Order. The hon. Lady really should cut that behaviour out.

Mr. Andrew Robathan (Blaby) (Con): During the recession of which the Prime Minister has spoken, tax receipts are likely to fall rapidly. What assessment has the Chancellor made of future tax receipts, and is there any truth in reports in the newspapers that the Treasury is already considering—beside borrowing—tax rises and cuts in public services?

The Chief Secretary to the Treasury (Yvette Cooper): As I think is clear to everyone, when a global credit crunch hits, it hits not only tax receipts from the financial sector but tax receipts from such things as stamp duty. We have made it clear that it is right to maintain public spending and increase borrowing to support the economy at a time like this, but we are also cutting taxes this year, for example through increased tax allowances and by

freezing fuel duty below the level of inflation. That is in contrast to the policy of the hon. Gentleman's party, which would increase taxes on fuel duty this year.

T5. [231540] **Mr. Mark Todd** (South Derbyshire) (Lab): One third of the work force in South Derbyshire are employed in manufacturing industry in companies such as Toyota, Rolls-Royce and JCB, which invest heavily in the future in terms of both capital and development costs. In the context of the design of a fiscal regime that will support such businesses, will the Chief Secretary comment on alternative suggestions whose implementation might improve some of the incentives for investment of that kind?

Yvette Cooper: I think that my hon. Friend is referring to tax reliefs for investment and allowances for business. I think it right for us to support businesses through what is a difficult time for not only the world economy but the United Kingdom economy. That includes, for manufacturing industry, tax allowances for investment, and claims that cutting those allowances would help businesses are simply disingenuous.

T6. [231541] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): We all know the value of charities within our society and, in recession, people will need the support of charities even more. I understand that Treasury Ministers have recently met representatives of the sector to discuss possible measures to support it. Will that support be forthcoming soon and, if so, where?

Mr. Darling: There was a meeting with charities in relation to the Icelandic banks and those discussions with charities are continuing. We are aware of the position in which they find themselves and, as I said to the hon. Member for Twickenham (Dr. Cable) a moment ago, if Iceland can resolve its problems, that will be helpful for all creditors. We are aware of the problems and the discussions will continue.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Chancellor aware that it makes a lot more sense to borrow money to create jobs and to help small businesses rather than spending the whole summer cadging money for the Tory party to shore up its finances?

Mr. Speaker: Order. I thought the hon. Gentleman was going to give us a good example, but that did not happen.

T8. [231543] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): When the Minister met the delegation that I led on 4 June, in a positive meeting, she agreed to undertake an examination of the case for fuel duty derogation for remote island communities. It is now a number of months since that meeting. What progress has she made? When can we expect a conclusion? Although the Prime Minister's recent remarks on the cost of fuel were very welcome, people in my constituency would love to pay the price that he was complaining about.

The Exchequer Secretary to the Treasury (Angela Eagle): Obviously we understand the issues, particularly in island communities. We are continuing to look at the matter, and we will make announcements in due course, but I hope he will recognise that there has some been some easing of fuel prices since the time we met. I understand that his community has to face extra costs, and I assure him that we are focusing on the matter.

Harry Cohen (Leyton and Wanstead) (Lab): Will the Chancellor confirm that the latest estimate from the Bank of England of worldwide write-offs is £2.8 trillion? Is not a cause of that the uncontrolled creation of credit by private financial interests, which has jeopardised the public and the public interest? There have been a lot of dubious financial practices invoked as part of that. When will we get a full-scale analysis from the Treasury of all the causes, so we can make sure that it does not happen again?

Mr. Darling: I agree that there are lessons to be learned as a result of what has happened over the past few years. It is important that we act on that and, as I said last night at the Mais lecture, I hope to be in a position to publish some preliminary conclusions and proposals in the not-too-distant future.

T9. [231544] **Richard Ottaway** (Croydon, South) (Con): The Minister may use anti-terrorism laws to throw hecklers out of the Labour party conference, but does he not consider it utterly inappropriate to use them to freeze the assets of foreign banks? Can he not see that that impacts on the Government's reputation and the country's reputation? I could not care less about the Government's reputation, but I care about the country's reputation.

Mr. Darling: The legislation that we used was approved by Parliament and I believe that it was necessary for us to take action to safeguard the position of creditors in the United Kingdom. It is important that we take action, because there is a clear public interest there.

Albert Owen (Ynys Môn) (Lab): The Prime Minister has made positive statements, welcomed by Members and by people across the country, about oil companies and utility companies passing on the cut in oil prices to their customers. Can Treasury Ministers encourage banks to pass on the recent, and future, cuts in bank rates to its mortgage borrowers and customers?

Yvette Cooper: My hon. Friend is right. It is important that, with world oil prices coming down, those cuts be passed on to consumers because, as we all saw, the price increases were certainly passed on to consumers. We have seen many petrol companies passing on price cuts, and it would be good to see all petrol companies bringing prices down right across the country. Gas and electric companies could also do more to pass on reductions in oil prices in their fuel bills. He is also right that it is important to ensure that the banks do their bit, particularly given the amount of support that the Government are providing for the banking system as a whole to keep it safe, and we will be setting out further procedures to monitor the way in which banks can do that in future.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Minister accept that for many small and medium-sized businesses the last straw in these difficult

times is having to find the money to pay the rates on empty properties? Please will the Government recognise that as an urgent problem?

Angela Eagle: We are aware of the worries about empty property relief, but it is important to remember that the vast majority of that relief went to the City of London and four other areas. We are looking into the matter, and we understand the difficulties, but it is also important to remember that when 100 per cent. relief was given, buildings remained empty for a very long time and therefore were not recycled, which is economically inefficient, and that the areas that had the most access to the relief had some of the highest rents in the world.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does my right hon. Friend recognise the difficulties being faced by businesses in ports such as Hull and Liverpool now that they have been presented with three years of backdated business tax bills? What steps is he taking to deal with that injustice?

The Financial Secretary to the Treasury (Mr. Stephen Timms): My hon. Friend the Minister for Local Government and I talked about this matter with the Treasury Committee yesterday, and we said that we were looking at ways to enable companies that had been affected to pay the due amount over a longer period than would normally be the case. What has typically happened is that the rates liability for the port operators has been reduced, whereas the liability for the occupiers has been increased. There has been some rebalancing there, and the port operators also have a responsibility to consider whether they can help.

T10. [231545] **Mr. Philip Hollobone** (Kettering) (Con): Kettering borough council is organising a credit crunch summit to which it is inviting local businesses, residents, banks, building societies, housing associations and others to discuss what steps can be taken to minimise the impact of the recession on local residents and businesses. Would the Chancellor like to applaud this initiative?

Mr. Darling: It is important that we consider what we can do to help businesses, as we have been discussing during Question Time, and individuals. I repeat what I said earlier: steps such as reducing the amount of tax being paid by basic rate taxpayers and postponing the fuel duty increase will all help. I should also say to the hon. Gentleman, however, that it is important as well that the Government are prepared to put their money behind what they say, which means we have to allow borrowing to rise. The Conservative party is now saying that we should not borrow, which would have consequences, and sooner or later it will have to spell them out—or perhaps not, if, as with so many other Conservative policies, it adopts it one week, and then drops it the next.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): I welcome back the Leader of the House; we are very pleased that she has made a full recovery. Will she give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 3 NOVEMBER—Remaining stages of the Dormant Bank and Building Society Accounts Bill [*Lords*].

TUESDAY 4 NOVEMBER—Remaining stages of the Employment Bill [*Lords*].

WEDNESDAY 5 NOVEMBER—General debate on work and welfare.

THURSDAY 6 NOVEMBER—Topical debate: subject to be announced, followed by general debate on public engagement in fighting crime.

The provisional business for the week commencing 10 November will include:

MONDAY 10 NOVEMBER—Opposition day [20th allotted day]. There will be a debate on a Liberal Democrat motion. Subject to announced.

TUESDAY 11 NOVEMBER—If necessary, consideration of Lords amendments, followed by general debate: subject to be announced.

WEDNESDAY 12 NOVEMBER—Motions relating to House of Commons business.

THURSDAY 13 NOVEMBER—If necessary, consideration of Lords amendments, followed by general debate: subject to be announced.

I should also like to inform the House that the business in Westminster Hall for 13 November will be:

THURSDAY 13 NOVEMBER—A debate on the report from the Culture, Media and Sport Committee on harmful content on the internet and in video games.

Mrs. May: Earlier this month the shadow Justice Secretary, my hon. Friend the Member for Arundel and South Downs (Nick Herbert), tabled a written question to the Ministry of Justice on rates of reoffending by prisoners on early release. By 10.30 pm on Monday, he had not received an answer, yet that night the *Daily Mirror* was going to press with details of the answer. Answers to written questions should surely be given to Members before they go to the press, so what action is the Leader of the House taking to ensure that Ministers follow that rule, respect Parliament and do not leak answers to the press for their own political convenience?

The Leader of the House has just announced a debate on work and welfare, which follows our Opposition day debate on unemployment. On Monday, the House of Lords will hold a general debate on the economy. When will we have a full debate in this House, in Government time, on the state of the economy? Apart from other things, that would give Members an opportunity to debate the Chancellor's Mais lecture, which was described in *The Times* as being

"as striking for its lack of introspection as for its vagueness in indicating a way forward. The Government has repeatedly proclaimed an end to boom and bust, yet has produced both."

We need a debate.

Continuing on the state of the economy, it is reported today that one in 10 small businesses are in danger of going under. Members need to be able to hold Ministers in the Department for Business, Enterprise and Regulatory Reform to account in this House, but the Secretary of State sits in the House of Lords and there is no Minister in this House at Cabinet level. What is more, there is only one Minister in this House dedicated solely to the Department. At this time, when even the Government have admitted that we are heading into a recession, that is simply not good enough. The Select Committee on Business and Enterprise is rightly concerned by that unprecedented lack of accountability, so may we have an urgent statement from the Leader of the House explaining what action she will take to ensure that there is proper accountability by that Department to this House?

May we have a debate on the BBC? There is public outrage at the behaviour of Jonathan Ross and Russell Brand, yet for several days the BBC seemed like a rabbit caught in the headlights, unable to act. We need a debate on the BBC's handling of the incident, because licence fee payers have a right to know what went wrong and how similar incidents will be avoided in future.

On 7 February, the House agreed a Conservative resolution that the European Scrutiny Committee should meet in public, but I understand that it has been holding the majority of meetings in private, that members of the public have effectively been prevented from attending and that the Committee has now decided to ask the Leader of the House to let it meet in private in future. It is an important Committee and should be open to the public, so may we have a statement from her on why it appears to have been flouting the will of the House?

There are reports that the Cabinet is divided over a third runway at Heathrow. Indeed, the right hon. and learned Lady herself is reported as questioning the Government's decision for a third runway. Our policy is clear: no to a third runway and yes to a high-speed rail link. Today it is reported that the Government are adopting our policy on high-speed rail. May we have a debate on Heathrow, so that we can find out whether the Government are going to make a U-turn and adopt our policy on a third runway as well?

Finally, two weeks ago the Leader of the House promised a statement on Equitable Life in the autumn. The clocks have changed and London has had its first snowfall. Does she still think that it is autumn, or will she now give us a date for a statement on Equitable Life?

Ms Harman: I thank the right hon. Lady for her best wishes to me as I was off with flu last week. I have to confess that I was apprehensive that my failing to reply to business questions might cause alarm and despondency among all parties. However, I was able to watch a few moments on television last week and detected that that was far from the case, and that the House felt it was in very safe hands being looked after by my deputy, my hon. Friend the Member for Rhondda (Chris Bryant). I thank him for looking after the shop while I was away.

I agree with the right hon. Lady's proposition that written answers should go to the Members concerned before they are given to the press. I shall look into that

[Ms Harman]

point and write to her about it, because the issue is a serious one. A Department has to be sure that its answer, which it is free to give to the press, has first reached the Member directly; the Member should not see it in a newspaper first.

The right hon. Lady mentioned the economic situation. Whether in statements from the Treasury or from the Department for Business, Enterprise and Regulatory Reform, in answers at Prime Minister's questions, in answers at Treasury questions this morning or in debates such as this afternoon's topical debate on businesses and the regions or last week's topical debate on skills and employment, the economy is before the House for debate and discussion, and Ministers are being held accountable at all times, and rightly so.

The right hon. Lady will know that that the director-general of the BBC is today meeting its board of trustees, who represent the interests of licence holders.

In its procedures, the European Scrutiny Committee follows the resolutions passed by this House. There is no question of that Committee flouting the will of the House, because it is not in a position to do so: it has to comply with the Standing Orders at all times. Indeed, those Standing Orders were introduced for a temporary period and will come back to the House to be renewed, re-debated and discussed on 12 November, as I announced, so the right hon. Lady, like all hon. Members, will have an opportunity to make further points then.

The Government's position on Heathrow is that London has fewer runways than other European capitals. In principle, we are in favour of an additional runway at Heathrow, but we have always said that this was subject to environmental concerns, in particular, and to extensive consultation and the gathering of scientific and other evidence. This is being considered by the Secretary of State for Transport.

As for the investment in rail infrastructure being the Conservative party's idea, that is a laugh. When we took over, the infrastructure—the network, the stations and the rolling stock—was in a state of disrepair and investment was lacking. We have invested in our national infrastructure. That has been part of our investment in this country while the sun shines, and we will not cut that investment. We will continue it, because it is important to the economy.

The right hon. Lady also asked about Equitable Life. I have given her an answer to the question about the Government's accountability to the House on all economic issues and the opportunities for this House to debate them. She will remember that the Equitable Life issue arose out of a structure that the company adopted in the 1970s. In the 1990s, that structure meant that a problem surfaced: Equitable Life was not able to meet its obligations to its policyholders. The parliamentary ombudsman spent four years investigating the background to this matter, and produced a weighty report this summer. After four years of investigation into a very complex issue, it is right that the Government should consider the matter seriously and should have the time to do so. As I said, the report will be given to the House this autumn by the Chancellor; he will give his decision to the House. Incidentally, the parliamentary ombudsman is giving evidence to the Public Administration Committee this morning.

David Taylor (North-West Leicestershire) (Lab/Co-op): As a member of the Select Committee on Environment, Food and Rural Affairs since its creation, I have long been disappointed that we devote relatively little time to matters of food and diet. This is against a backdrop of an increase in obesity and diet-related diseases, particularly among younger people, which is linked to foods that have high salt, sugar and fat content. Will the Leader of the House say whether time could be allocated to debate the Food Standards Agency report on food labelling, which considers some of the options that exist, such as guideline daily amounts and traffic-light systems, so that we can get the retail industry behind whatever the chosen best option is and start to tackle some of the health and social problems that we face?

Ms Harman: My hon. Friend makes a very important point about a what is a major public health issue not only for DEFRA but for the Department of Health and the Department for Children, Schools and Families. The latter is especially concerned about child health and what happens in schools. Labelling also raises questions about information for consumers, especially parents. I shall therefore consider whether we can have further opportunities to debate the matter, possibly in a topical debate.

Simon Hughes (North Southwark and Bermondsey) (LD): I too welcome the Leader back and hope that she makes a full recovery soon.

I join the Conservative shadow Leader of the House in requesting full-day debates in Government time on the economy and on Heathrow. On the latter, there does not appear to be unanimity in the Government, so there must be some hope that we can change their mind.

Last week, protests were held, yet again, over the short period allowed for the Report stage of Bills. Today the Government announced two Bills returning to the House on Report and Third Reading next week. I bring to the Leader's attention—I do not know whether she was here at the time—the fact that a further two Bills were not given enough time for debate on Report. At the last minute, the Government tabled loads of their own amendments to the Local Transport Bill. There were nine groups of amendments, but we reached only three, and issues such as bridge tolls, road charging and local transport plans were not properly discussed.

The same happened with the Climate Change Bill—we did not discuss 2020 targets, charges on carrier bags or refundable deposits on recyclable containers. Please will the Leader do what she led us to believe she would do and ensure that we have a timetable that allows Labour Members and Opposition Members the chance to debate all the issues on Report?

For the week after next, the Leader has announced, cryptically, a debate on the business of the House, by which we understand that we will have a debate on the Government's wish to set up Select Committees for the English regions—

Sir Patrick Cormack (South Staffordshire) (Con): Which is rubbish!

Simon Hughes: Given the controversial nature of the proposal, and the fact that it got through Committee only by a majority of one and with a lot of good luck—

Mrs. May: And with the Chairman's casting vote.

Simon Hughes: Indeed. And given that on Tuesday night, as the Deputy Leader knows, real concern was expressed on both sides of the House about the number of Members available to serve on Select Committees, may we, before Christmas, have a debate on Select Committees and their numbers before we set up the new Energy and Climate Change Select Committee, which we have agreed on, and before debating any regional Select Committees for England? It is a nonsense to try to squeeze a quart into a pint pot. The Government might be wise to back off and think again.

As we all know, next Tuesday sees the United States election. The Liberal Democrats look forward unanimously to the election of Senator Obama as the next American President, and hope that he will be a beacon of light and hope in a very gloomy and threatening world. May we have a debate as soon as is practical after Tuesday on the effect of the American presidential election on worldwide issues? It is the most important election outside this country to people here, and I hope that we can have an early debate on its foreign policy implications.

Next Thursday sees the important by-election in Glenrothes. I do not know whether the Leader has had a chance to visit it and the surrounding villages—

Mr. Speaker: Order. The hon. Gentleman should be careful what he says about a by-election.

Simon Hughes: I shall, Sir.

Mr. Speaker: I know he will. He'd better.

Simon Hughes: The Leader might, or might not, know that rail fares in Fife are greater, mile per mile, than anywhere else in Scotland. May we have a debate on the rail pricing structure across the UK? If we want to encourage people to use public transport, it is no use their discovering that it is far more expensive in some parts of the country than in others.

Lastly, there is great concern about the effect of the recession on small businesses. We have waited six months since the tenders for the Post Office card account went in. May we therefore have a debate, before the decision is made, about the implications for the future of thousands of post offices if the card account contract does not go to the Post Office? That would allow us to express our hope that the Government will see sense and keep the remaining post offices viable rather than threatening them with another potential death blow.

Ms Harman: The hon. Gentleman asked for further debate on the economy and on Heathrow. Of course, his party has an Opposition day the week after next, so he could consider those as topics for debate on that day.

The hon. Gentleman talked about allowing adequate time for the scrutiny of Government business, and mentioned in particular the Climate Change Bill and the Local Transport Bill. We must ensure that at all stages legislation is properly scrutinised and that we bring as many Bills forward as possible in draft form so that before they are even introduced formally into this House there is proper pre-legislative scrutiny. That has assisted greatly in the scrutiny that the House gives to legislation. That was the case with the Climate Change Bill. In addition to Second Reading, it is important that there is full scrutiny in Committee and on Report. It is also important that we have post-legislative scrutiny. It is not just about what we say about the intentions of a Bill: we should look back and see whether what was said in the House by Government or Opposition Members about our aspirations for the legislation was borne out in practice. We need to ensure that across the piece there is proper scrutiny at all stages and we seek to do that.

The hon. Gentleman mentioned the business of the House that will come before the House on the 12 November and raised the issue of regional Select Committees. I would have thought that he would want better scrutiny of important activity in the regions. Billions of pounds are being spent by regional health authorities, regional development agencies and highway authorities, and that profoundly affects individual regions. Surely it is right that there is accountability to the House when millions of pounds of public money are involved. However, I do not want to pre-empt the debate, which is recognised to be controversial. We will try to ensure that we place the resolutions before the House as early as possible so that Members have a chance to look at them before they come steaming in to disagree with regional accountability. How many Members will sit on the Committees will obviously come within the scope of the resolutions relating to regional Committees.

The hon. Gentleman also mentioned the United States election. Foreign Office questions are a week on Tuesday, but I want to highlight one point about that election. It looks set to have very high turnout involving people who have previously not necessarily voted. They have registered to vote and then gone out to vote. We should all be preoccupied with tackling the lack of registration in the UK, particularly in inner- city areas and among poorer people, and with tackling low voting turnout. If we can learn anything from the American elections about getting more people—and particularly more young people—to vote, we should try to do so.

The hon. Gentleman will be reassured to discover that I shall be going to Glenrothes on Tuesday.

On the Post Office card account, the hon. Gentleman asked for a debate in order to affect the Government's decision. The post office network is important, and the card account is important for the post office network. The hon. Gentleman will know that the Post Office is on record as having said that it has put in a strong bid for the contract, but he will also know that there are legal structures for such a public procurement exercise. Asking for the views of the House as a way of contributing to that public procurement process cannot be done. The decision is subject to the legal process at the moment, and when it has been made it will be brought to the House.

Mr. David Winnick (Walsall, North) (Lab): May I ask about a rather sensitive and no doubt controversial matter? Could Government time be provided for a debate on assisted suicide in some cases of terminal illness? Will my right hon. and learned Friend accept that such a debate in the House would be well timed, whichever line we took? The House of Lords debated the subject some two years ago and we should reflect our point of view as soon as possible, so I hope that debating time can be provided.

Ms Harman: The Government have published our pre-legislative programme in advance of the Queen's Speech to give people the opportunity to propose a bit

[Ms Harman]

of legislation, if they think it needs to be included in the programme. Of course, from time to time there are Bills whose long title allows such a provision to be brought forward through a Back-Bench amendment. My hon. Friend will know that the case that has been before the courts, in which a judgment was issued this week, is subject to appeal. There will be further judicial consideration of the subject. The situation under the criminal law is certainly unusual. The criminal offence of assisting somebody's suicide is unique as it is the only part of the criminal law where it is an offence to assist the commission of something that is itself not an offence. I know that there is concern about the subject, and we will no doubt have a further legal ruling.

Sir Patrick Cormack (South Staffordshire) (Con): In the reassuring, avuncular presence of the Leader of the House's right hon. and eternal Friend the Deputy Chief Whip, will she have some conversations with those who arrange the business of this House to try to give real priority to the issues that concern our electorates? They expect us to debate foreign affairs; they expect us to debate the economic situation; they do not expect us to waste time on the ridiculous and stupid idea of regional Select Committees that we do not have sufficient Members to man adequately.

Ms Harman: We do find time to debate the important issues of foreign affairs and the economic situation. That is one of the issues that we have chosen for weekly topical debates. I do not think that properly holding to account the agencies that implement public policy in the regions is a waste of time, but the hon. Gentleman will have an opportunity to make his views known when the resolutions are brought before the House.

Mr. David Chaytor (Bury, North) (Lab): At the end of next month, the ballot papers will go out to every household in Greater Manchester for the referendum on the future of public transport in the region. The proposals include an element of peak period congestion charging. As we have been reminded, in our discussions on the Local Transport Bill on Monday we were not able to consider the amendments on road pricing. Will my right hon. and learned Friend find time for a debate on road pricing and congestion charging so that we can have the opportunity to see how those policies fit in with the policies agreed in the Climate Change Bill on Tuesday, which set stringent targets for emission reductions? It would offer a chance for those who supported the Climate Change Bill but who oppose road pricing to justify their position.

Ms Harman: My hon. Friend makes a very important point. The provision for local people to choose a congestion charge was enabled in the Local Transport Bill not only to allow people to tackle congestion, which can be a big drag on businesses and can hold back economic growth in particular cities, but to enable cities to contribute to reduced carbon emissions. That provision has now been included in the Bill, so once the Bill becomes law it will obviously become a matter for local decision making.

Richard Younger-Ross (Teignbridge) (LD): May I preface my question with a comment? The right hon. Member for Maidenhead (Mrs. May) referred to the workings of the European Scrutiny Committee. As a member of that Committee, I can say that it has never met in private, except under the conditions debated and set by the House.

The Government stated that they are looking to bring forward capital schemes. May we have a statement from the Secretary of State for Transport on whether such schemes as the Kingskerswell bypass will be considered for early construction?

Ms Harman: I thank the hon. Gentleman for making it absolutely clear that the shadow Leader of the House was completely wrong to say that the European Scrutiny Committee had flouted the rules of the House. She owes an apology to the Chair of the Committee, who would not think it his business to flout the rules of the House when chairing the Committee, and to the Clerks of the Committee. Even if the Chair did decide to flout the rules of the House, they would play no part in that. She owes all the members and Clerks of the Committee, and its Chair, an apology. Apologies appear to be the order of the day in the Conservative party. Let us see whether she can join the shadow Chancellor in making an apology.

The hon. Member for Teignbridge (Richard Younger-Ross) made an important point about bringing forward capital schemes, and all Members will be concerned to identify capital schemes that could be brought forward in their local area. We firmly believe that it is not the right time to cut public investment, because such investment helps the economy to grow, and because we do not want to do anything that takes money out of the economy at a time when it needs the stability of continued public investment. This is yet another issue on which the official Opposition simply cannot make up their mind.

Jeremy Corbyn (Islington, North) (Lab): Will the Leader of the House find time for a debate, or at least a statement, on the situation facing the people of the Democratic Republic of the Congo? The war there has cost more than 5 million lives in the past decade. Fighting has broken out again in the east, and although there appears to be some kind of temporary ceasefire, we need a statement from the Government on what they are doing to ensure that the ceasefire holds, and that further aid flows. A terrible plight of starvation and homelessness faces refugee.. in the east, and as much as possible must be done to help them through this dreadful crisis.

Ms Harman: My hon. Friend makes an important point. There is great apprehension and foreboding about the unravelling of the situation, and an absolute determination that the international community should not, as has happened in the past, fail people in central Africa when such situations emerge. I have said that the House needs an opportunity to discuss economic issues and the economy of this country, and I will take his question as a suggestion for the next topical debate.

Sir Nicholas Winterton (Macclesfield) (Con): While the economic crisis and the credit crunch have dominated the attention of Members and the country—I believe that a full, two-day debate on the economy should be held—should we forget the suffering of the people of Zimbabwe? Despite the intervention of ex-President

Thabo Mbeki of South Africa and the Southern African Development Community, ex-President Mugabe still clings to power. Is it not time for a full-day debate on the subject? It is our duty to represent the interests of the people of Zimbabwe, as we brought about Mr. Mugabe's emergence as President, so we should discuss the issue and perhaps indicate what action should be taken.

Ms Harman: The people of Zimbabwe expressed their view in the election in March. Hon. Members on both sides of the House—the hon. Gentleman is not least among them—are concerned that the will of the people of Zimbabwe should be reflected in the governance of their country. We have sought opportunities for the House to debate the issue. We had a topical debate and a written ministerial statement from the Foreign Secretary on the subject in July. Oral statements were made on 12 and 15 September, and the Lords Foreign Office Minister met the all-party group on Zimbabwe on 7 October. There will be oral questions to the Foreign Secretary the week after next, and the issue can be raised again then. We remain deeply concerned; there is intense Government action and international action. The situation is far from resolved.

Mr. Chris Mullin (Sunderland, South) (Lab): May I endorse the point made by the hon. Member for North Southwark and Bermondsey (Simon Hughes) about the need to give a more reasonable amount of time to the Report stage of major Bills? It is not as though we are short of time in this House; it is currently sitting for less time than it has done for as long as anybody can remember.

As regards the eastern Congo, my right hon. and learned Friend the Leader of the House suggested, in response to my hon. Friend the Member for Islington, North (Jeremy Corbyn), that the matter be the subject of a topical debate. We need a statement from the Foreign Secretary on what this country can do to assist in averting the catastrophe, which is one of the greatest of recent times; 3 million to 4 million people have died in the Congo in the past 10 or 15 years. I appreciate that our influence is limited, but we really need to hear from the Foreign Office about what we can do, in co-operation with the EU and the UN, to help alleviate that catastrophe.

Ms Harman: My hon. Friend reinforces points made by other hon. Members about the need for adequate time, and we are well aware of those points. We need to get Government business through, to have it properly scrutinised, and adequate time to discuss amendments and new clauses tabled by Back Benchers on both sides of the House on Report.

In relation to the Congo, I will have a discussion with my right hon. Friend the Foreign Secretary on how best to make sure that the House is kept up to date and has an opportunity to make its view known, through a statement, a topical debate or some other means.

Hywel Williams (Caernarfon) (PC): I echo those calls for a debate about the Congo. Ban Ki-moon said that the violence overnight, reported this morning, is in danger of creating a humanitarian crisis of catastrophic proportions. The UN forces are undermanned, and they call for further reinforcements. What can the Government do to provide those reinforcements?

Ms Harman: I take the hon. Gentleman's question as reinforcing the point that the House wants to hear from the Foreign Secretary on the issue; I take that point.

Judy Mallaber (Amber Valley) (Lab): May I endorse all the comments on the appalling situation in the Congo, which I visited with other Members?

Moving on, in this anniversary year of women's suffrage, may I urge my right hon. and learned Friend, in her capacity as Leader of the House, to do everything in her power to promote the wonderful new exhibition on suffrage that has just been set up by the Admission Order Office? It includes the scarf that Emily Wilding Davison was wearing when she fell under a horse at the Derby, a medal of Emmeline Pankhurst and a picture by Sylvia Pankhurst. Will my right hon. and learned Friend do all she can to promote the exhibition, and ensure that the tour guides show the exhibition to our schoolchildren and other parties when they visit and tour the House?

Ms Harman: My hon. Friend has made the point extremely well, and I thank her for doing so. We still have further to go; although woman have the vote, there is still unequal representation of women.

John Bercow (Buckingham) (Con): There is the Speaker's Conference.

Ms Harman: That is right; Mr. Speaker, you are holding a Speaker's Conference on how we can tackle the issue of the under-representation of women and minority ethnic groups in the House of Commons, which should reflect the country as a whole. I looked at the figures just this morning. It is wrong that only 27 per cent.—fewer than one in three—of Labour Members of Parliament are women. However, it is absolutely shameful that only 9 per cent.—fewer than one in 10—of Conservative MPs are women. We all have a long way to go, but some have a great deal further to go than others.

Anne Main (St. Albans) (Con): May I ask the Leader of the House to give the House time to debate the Government's decision to prop up the housing market through its housing clearance policy? The policy will cost several hundred million pounds, and much of that will come from other pots of money, including those set aside for small businesses. Given that £13 million went to one private developer this month, we should scrutinise the issue at the highest level.

Ms Harman: I thank the hon. Lady, who is among the one in 10 to whom I referred, for making that point. Obviously, the issue of the housing market and house building is of concern. It was raised in questions to the Department for Communities and Local Government and in Treasury questions, and it was raised with the Prime Minister. We firmly believe that it is an issue on which the Government should act and that there should not be a laissez-faire attitude in the market. Public investment and public regulation of the mortgage markets have a role to play. I hope that the Conservatives will support us as we try to make progress on the issue.

Mr. Ian Cawsey (Brigg and Goole) (Lab): Last weekend, along with local ward councillors, I went to the Burton upon Stather village post office where I met Hilary

[Mr. Ian Cawsey]

Baker who runs the branch, and she presented us with yet more Post Office card account postcards, which all hon. Members will have seen plenty of. I asked for a statement on this issue at the last business questions before the summer recess and we are now some months down the line. I understand the point about not having a debate while the tendering is going on, but I do not mind being on the record as supporting the Post Office card account going to the Post Office, and I hope that we can have a statement next week that at least tells us when the contract will be awarded.

Ms Harman: My hon. Friend the Minister for Employment Relations and Postal Affairs is present to hear that point, but I do not think that any of us are in any doubt about the importance of the post office network and the Post Office card account contract.

Jo Swinson (East Dunbartonshire) (LD): Will the Leader of the House be more specific about when we will hear from the Government on Equitable Life? She said autumn, but the temperature outside tells us that winter is not far away. Given that dozens of people in East Dunbartonshire and across the rest of the country have been waiting eight years for redress, and that the Government have had the ombudsman's report for four months, surely it is now time that we found out what action the Government intend to take to make redress to the many people who have suffered because of Equitable Life.

Ms Harman: The parliamentary ombudsman took four years to construct her report and, as the hon. Lady said, the Government have been considering it for four months. It is an important issue and we will give our response shortly.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): This week, Sense, the deafblind charity, lobbied Parliament and drew Members' attention to potential discrimination in the way in which the travel concessions are being applied, in particular, that some people with disabilities who are entitled to a free travel concession are unable to make use of it because their carer, who is necessary for them to get around, is not eligible for the concession. Will the Leader of the House consider ways in which this potential discrimination within the travel concession system can be debated in the House?

Ms Harman: I will bring that important point to the attention of Ministers in the Department for Transport. It is one reason why, in the equality Bill that will be in the next Queen's Speech, we will be strengthening the duties and obligations on public authorities, including those involved with travel, to ensure that all public services are properly available to members of the public with disabilities.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May we have a debate next week entitled "The Prime Minister's responsibility for the UK's recession"? That would enable us to point out, among other things, that his often-repeated boast that he had abolished boom and bust was not only economically illiterate and also untrue, it encouraged many people who should have known better to embark on excessive borrowing and lending, and to that extent he has personally aggravated the situation. It is quite wrong that a man whose judgment has proved so poor should now be in charge of policy making.

Ms Harman: The right hon. and learned Gentleman has an opportunity to ask the Prime Minister himself at Prime Minister's questions every Wednesday when he answers on such issues to the House. It is thanks to his time in office as Chancellor that we have had investment in hospitals and schools. Would the right hon. and learned Gentleman like to say which hospitals in his constituency he would rather not have had the investment in? Would he like to say which schools in his constituency he would rather not have had the investment in? Would he like to decry the fact that there are more home owners in his constituency than there were when the Conservative party was in government? This is clearly an economic crisis whose origins are international, and we are fortunate to have a Prime Minister who has not only strengthened our economy but can help to sort out the world economic problems.

Rob Marris (Wolverhampton, South-West) (Lab): I should like to associate myself with the remarks made earlier about having a longer parliamentary year so that we can have proper scrutiny on Report, with two days if necessary.

May we have a debate on the functioning or non-functioning of the parliamentary ombudsman's office? It is reprehensible that it took her four years to produce a report on Equitable Life, and meanwhile pensioners are dying. I have a constituent, Mr. X, who was told by her office that it would take more than six months to make a preliminary decision as to whether his case would be investigated, although she rowed back on that after I complained. We either have an incompetent ombudsman or one who does not have sufficient resources, and the House should debate the matter sooner rather than later.

Ms Harman: The parliamentary ombudsman is giving evidence to the Public Administration Committee this morning, and we will be able to see from the report of those proceedings whether the important points made by my hon. Friend were addressed by her.

Sir George Young (North-West Hampshire) (Con): Further to the right hon. and learned Lady's earlier reply, I hope that she will be supporting all those excellent women Conservative candidates who hope to unseat her male colleagues, which would improve the percentage that she criticised.

Last year, the pre-Budget report was in the first half of October. This year it is even more important that the House and country know how much the Government plan to borrow, spend and tax, so will the right hon. and learned Lady now give us the date of the pre-Budget report?

Ms Harman: I will announce the pre-Budget report in the usual way as part of the following and the subsequent weeks' business.

It is important that we have women Members of Parliament who support women in the country, not women such as the shadow Leader of the House who,

having been elected to Parliament, then voted against the national minimum wage, which was the most important measure for women's income.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): My right hon. and learned Friend will be aware that many millions of households are very worried about high energy costs, particularly with winter coming. She will also be aware that the Prime Minister has called on the oil companies to pass on the falls in crude oil prices to their customers as quickly as possible. Many people in rural areas are dependent upon liquefied petroleum gas and domestic heating oil, which are linked directly to the price of crude oil. Yet my constituents have recently received a letter from a major supplier of LPG, Flogas, informing them that the price will not be going down but up. Moreover, one neighbour received a letter from Flogas saying that his price was going up 5p, but for his neighbour the increase was 3p. May we have a debate on competition and transparency in the LPG and heating oil market in rural areas as it is clearly needed urgently?

Ms Harman: Those are matters of real concern. We need to maintain the supply of oil internationally and to ensure that it is competitive and well regulated. When there is a fall in the price of a barrel oil, we must ensure that it is passed on to the consumer. My hon. Friend raises an important issue, which I will raise with my Government colleagues and make sure that they write to him to tell him what action is being taken.

Dr. Julian Lewis (New Forest, East) (Con): Earlier this year, the Leader of the House made a decisive intervention on the question of the confidentiality of Members' home addresses. Will she consider doing the same thing again in the light of the fact that the Ministry of Justice is considering whether in future candidates' addresses at general elections must be revealed when they nominate themselves and on various documents later? The guidance from the Information Commissioner in such situations is usually that the first part of the postcode is enough. Bearing in mind that the reason the judges made their dangerous decision early this year to allow home addresses to be revealed was the fact that they are revealed every four or five years in general elections, may we now consider closing this loophole?

Ms Harman: This matter is under consideration by the Ministry of Justice and I know that it found the hon. Gentleman's suggestions extremely helpful. He takes a thoughtful approach to this. It is obviously in the public interest for the public to know when they come to vote in an election whether a candidate lives in their area or miles away, but whether the precise address, including the flat number in a block in a particular street, should be given is questionable. We need to ensure that the public have the information that they need and the MPs, candidates and their families have the privacy that they need. I am sure that hon. Members can work together to sort this out.

Albert Owen (Ynys Môn) (Lab): The shorter daylight hours concentrate our minds still further on the energy challenges—electricity capacity, in particular—that we face as a country. May we have a debate on the need to extend the existing life of currently generating power stations, so that we can meet short-term and medium-term demand while new technologies and stations are being considered and developed?

Ms Harman: In an extremely brief intervention, my hon. Friend has made a profound and important point, which relates to one of the reasons why we created the new Department of Energy and Climate Change and to one of the issues that it is addressing. I know that my hon. Friend will play an important part in the new Department's deliberations.

Mr. David Heath (Somerton and Frome) (LD): May we have a debate on what I can only call bogus land banks? An internet site is offering 209 so-called building plots in my constituency for up to £18,000 a time in the village of Dean, which comprises about 30 houses. The plots are on agricultural land that will never, ever have planning permission for such development.

I do not think that the offer is illegal at the moment, but it is undoubtedly a scam. May we have a debate on how we can better protect the potential purchasers, who often will not be in this country, but are expatriates hoping to come home and retire in a house in beautiful rural Somerset? They may find that they have actually bought a field.

Ms Harman: If people are offering for sale as building development sites areas of land that are no such thing, that could be fraud. I suggest that the hon. Gentleman seeks a meeting with the Serious Fraud Office about whether criminality is involved. I shall bring the issue to the attention of the Department for Communities and Local Government.

Mr. Desmond Swayne (New Forest, West) (Con): May we have a statement on how aspects of sharia law are being introduced pre-trial in some civil courts? Those are profound changes with enormous implications. Many of our constituents find it absolutely extraordinary that this is happening without any parliamentary scrutiny at all.

Ms Harman: Sharia law is not being introduced into our civil courts or any other part of our justice system. If agreement in respect of sharia has been reached, there is sometimes provision for that to be endorsed by the courts. However, that is subject to the agreement not trespassing on the public policy principles of fairness. There is no question that any other legal principles will compromise our own justice principles. If the hon. Gentleman's constituents have been reading the newspapers or inadvertently listening to him, he can reassure them that they do not have as much to worry about as they thought.

John Bercow (Buckingham) (Con): As this is international brain tumour awareness week, may we have a debate as soon as possible on the issue of brain tumours, in Government time and on the Floor of the House? Given that brain tumours can attack anyone, that their causes are unknown, that screening is unrealistic, that prevention is impossible but that treatment is improving, will the Leader of the House accept that we need to debate the case for more research, more access to cutting-edge therapies, more clinical trials and more support for families at the earliest opportunity?

Ms Harman: The hon. Gentleman might draw that issue to the attention of the Health Committee. I will ask my right hon. Friend the Secretary of State for Health to write to me about what is being done in all parts of the country to improve the treatment of brain tumours once they have been diagnosed. I shall ask him to send a copy of the letter to the hon. Gentleman as well.

Mark Hunter (Cheadle) (LD): This week, the Transport Committee published its report on road safety which has again confirmed the Government's lack of progress on tackling drunk drivers and on the problem of uninsured drivers. Will the Leader of the House find time for an urgent debate on those issues so that more lives are not needlessly lost?

Ms Harman: I pay tribute to the Chair and all the members of the Transport Committee. Over the years, the Committee has played an exceptional role in taking forward and pressing issues of transport safety. Some call that evidence of the nanny state, but it is about saving lives. The Committee's important recent report will get full consideration from the Government.

Mr. Crispin Blunt (Reigate) (Con): In the hands of the Government, the seasons can be a somewhat flexible concept. For the purposes of the right hon. and learned Lady's statement on Equitable Life, on what date does autumn end?

Ms Harman: I have simply repeated to the House what the Chancellor has said. We all recognise that many people have been profoundly affected by the problems at Equitable Life. The issue is being investigated. The Government are considering that investigation, and will respond.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): In response to the remarks on assisted suicide made by the hon. Member for Walsall, North (Mr. Winnick), with whom I fully agree, the Leader of the House said that Back Benchers had the opportunity to raise controversial issues in Bills on Report, when the scope is wide enough for amendments to be selected. In respect of the Human Fertilisation and Embryology Bill, such issues were raised but the Government took what I understand to be the unprecedented step of whipping through a programme motion to deny a free vote on the controversial issue of abortion, in which Back Benchers on both sides were engaged. Two weeks ago, the right hon. and learned Lady intimated that that would be a normal procedure and no notice was given to those who tabled the amendments—many of them women with whom she has worked on equality issues for many years. For her sincerity to be recognised, will she give time to explain to the House how programme motions are normally used to decide the time given to controversial issues on free votes on Report?

Ms Harman: When deciding on a programme motion, consideration is paid to how Government and Back-Bench amendments and new clauses can be given adequate time for debate on Report. That time follows the consideration that there would have been during pre-legislative scrutiny and in Committee. In the Human Fertilisation and Embryology Bill, exceptionally, there had been time on the Floor of the House for consideration of amendments. The normal procedure is for the programme motion to come before the House to be discussed.

The hon. Gentleman and I agree that it is important that not only should there be proper sex education and proper availability of contraception, but that if a pregnancy has to be terminated, the facilities should be there for that to happen as early as possible. That is the position in all parts of the country. I suggest that he and I work together on what is a free-vote, not a Government-versus-Opposition, issue. Instead of attacking me, he should work with me to make progress for women all around this country.

Mr. Christopher Chope (Christchurch) (Con): On 17 October, the Government opposed my Bill to abolish the television tax, arguing that having the licence fee was the only way to protect the editorial freedom of the BBC. In the light of what the Prime Minister said this week, in what seemed a blatant attack on the independence of the BBC, may we have a fresh debate on the issue? In that way, we can get all the people together in this country and recognise that the licence fee is outdated and regressive and that it is a tax that should be abolished.

Ms Harman: We have no plans to abolish the BBC and its important public financial support, which comes through the licence fee.

Lorely Burt (Solihull) (LD): In parts of Birmingham, commercial property is being offered for as little as 50p a square foot. Other commercial properties are being needlessly demolished because their owners cannot afford to pay the empty property business rate. May we have a debate on Government policy to see whether it is possible to get some shift for those companies, which are in a bad state at the moment?

Ms Harman: The hon. Lady makes a serious point. This subject was raised immediately preceding business questions in Treasury questions, when one of the Treasury Ministers said that they understood the concerns and were looking into them. I refer her to that earlier exchange in the House.

Mr. Philip Hollobone (Kettering) (Con): Can we have a debate in Government time on changes to train timetables? Kettering rail users' group is rightly outraged. This week, signs have been put up at Kettering railway station promising major improvements to the train service from December, yet the number of trains north from Kettering is due to be halved, the evening peak time return service from London is going to be the worst that it has been for 25 years, and the Saturday service will be quite appalling.

Ms Harman: I will bring the hon. Gentleman's comments to the attention of the Secretary of State for Transport. However, people in Kettering, as well as throughout the country, have benefited from more trains being on time, better quality rolling stock and more investment in the rail network. We certainly have further to go, but I hope that he recognises the progress that has been made on rail transportation for passengers, as well as freight, in Kettering and elsewhere in the country.

Points of Order

12.30 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): On a point of order, Mr. Deputy Speaker. I am sorry to raise this, but I have had to do so before. The Chair is the guardian of Back Benchers in this House, and business questions is an exceptionally important opportunity for Back Benchers. I acknowledge the fact that, because it is a light House today, all the Back Benchers who wanted to get in got in, but it is also true that the Front Benchers between them took 20 minutes, and the Leader of the House is prolix in her answers. As a consequence, Back Benchers are often not called on these important occasions. Will you and Mr. Speaker see what can be done to address what is potentially a very great unfairness to Back Benchers?

Mr. Desmond Swayne (New Forest, West) (Con): Further to that point of order, Mr. Deputy Speaker. Is not the proper answer to the question, "Can we have a debate?", either yes or no; we can or we cannot? If the Leader of the House were to do that rather than attempt to have the debate now, in which she always gets the last word, the business of the House would be more expeditiously dealt with?

Mr. Deputy Speaker (Sir Michael Lord): If I may deal with those two points of order in reverse order, my response to the hon. Member for New Forest, West (Mr. Swayne) is that how Ministers answer questions is certainly not a matter for the Chair, and I suspect that it is not a new problem either.

With regard to the point of order raised by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), Mr. Speaker or any occupant of this Chair is very keen to allow as many Back Benchers to get in as possible, because this is very much a Back Benchers' occasion. Today, fortunately, we got in everybody who wanted to get in. I trust that the Front Benchers, who are both here, have heard his comments.

Anne Main (St. Albans) (Con): On a point of order, Mr. Deputy Speaker. When hon. Members ask when they may expect an answer to a question, it is less than helpful to be told that it will be autumn, particularly when we are also told, as we were in the Communities and Local Government Committee, that autumn is defined as December. It would be more helpful if the Leader of the House stuck to a rigid timetable instead of fobbing us off with vagaries about seasons.

Mr. Deputy Speaker: I am afraid that I have to repeat to the hon. Lady what I just said—the manner and the time in which Ministers answer questions is not a matter for the Chair. I suspect that the definition of autumn may vary a little, particularly considering the weather that we have had recently.

TOPICAL DEBATE

Businesses and the Regions

12.33 pm

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): I beg to move,

That this House has considered the matter of businesses and the regions.

It is right that we discuss how the current economic situation is affecting business in the great regions and cities of our country. In recent months, we have experienced what the International Monetary Fund has described as "the largest global financial shock since the Great Depression".

Last week, the Governor of the Bank of England said:

"Not since the beginning of the First World War has our banking system been so close to collapse."

The crisis facing us is global, interconnected and unprecedented in recent times. The depth and global nature of the crisis means that it affects not only the City of London and the financial markets but the wider economy.

A properly functioning banking system is the vital foundation stone for a thriving wider economy. When we do not have that, as we have not in recent months, businesses find it hard to gain access to finance, investment decisions become more difficult, and confidence declines.

Mr. Philip Hollobone (Kettering) (Con): Kettering borough council is organising a credit crunch summit involving local businesses, residents, banks, building societies and housing associations. Will the Minister or one of his colleagues accept an invitation to attend or, if he or they cannot, will the regional Minister be able to support this initiative? Will the Minister take this opportunity to applaud Kettering borough council's efforts in this regard?

Mr. McFadden: I am sure that that will be carefully considered if the hon. Gentleman lets us know the date.

Last week, my noble and right hon. Friend the Secretary of State set out some of the measures that the Government are taking to help businesses through these difficult times. We are taking those steps because we are aware of the critical importance of small and medium-sized businesses to our economy—the wealth that they create, the creativity that they offer, and the contribution to the quality of life that they make. The Government are taking steps as regards cash flow, with early payment of bills; and on access to finance, with the important discussions between the Government and the banks relating to the availability of credit. Indeed, today my right hon. Friends the Chancellor and the Secretary of State are meeting the heads of the main banks, the European Investment Bank and business representatives to drive forward take-up of EIB's loan facility for small and medium-sized enterprises. We also announced measures on access to training, advice and support, which are vital to businesses in these difficult times.

Mr. Mark Prisk (Hertford and Stortford) (Con): I welcome the re-announcement of the EIB money. However, as it originally occurred six weeks ago, why is that

[Mr. Mark Prisk]

money yet to be received in any small firm's account, even though the French Government have already issued the first tranche?

Mr. McFadden: I can assure the House that the Chancellor and the Secretary of State are pressing ahead with this as quickly as possible in their discussions with the banks.

Last night, in the Mais lecture, the Chancellor set out further steps in our approach to the situation, particularly with regard to public spending. He said:

"When private activity slows, it is even more important to maintain wider public spending. This is why it is right to bring forward planned spending commitments—as with our housing package in September...We must also make sure we maintain public investment—in infrastructure, education and health".

He also stressed that the Government will take the decisions necessary to ensure stability in the medium term to return borrowing and debt to a sustainable level.

These statements matter for businesses in our regions because many businesses depend on the Government as a customer. Those businesses supply the goods and labour that are necessary for the building of schools, roads, and so on. They include companies such as Hill and Smith in my constituency, which I visited on Friday. It makes crash barriers for our roads, and the Highways Agency is one of its main customers. Such companies are very interested in the level of public spending that is to take place.

Mr. Prisk: Statements are welcome, but money would be nicer, from small firms' point of view. Why have the French Government managed to get the money out and we have not?

Mr. McFadden: The hon. Gentleman says that money would be nicer. Perhaps he could take that up with his colleague, the hon. Member for Rutland and Melton (Alan Duncan), who last week, having posed the question, "Where should we be?" told the House that we should have "lower spending". There is quite a contrast between the position that the Chancellor set out last night and the position of the Conservative party.

The steps that we have announced on support for businesses and on public spending are measures aimed at benefiting the whole country. We want to see businesses prosper and opportunities created in every part of the country. For that reason, we reject the notion advanced by a right-wing think-tank over the summer that we should give up on certain parts of the country and that if people wanted a better life they would simply have to move to get it.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): One of the announcements made last week concerned help for business through the way in which Her Majesty's Revenue and Customs dealt with the collection of taxes and with companies in difficulty. At the time of the announcement, the Treasury Minister was unable to say whether new guidance would be placed in the Library on how that help would be achieved. Have there been any developments on exactly what message we can give in our constituencies that are facing trouble about how HMRC will put into effect the headlines on taking a more sympathetic approach at a time of economic crisis?

Mr. McFadden: If my Treasury colleagues are ready to issue guidance, they will do so, but the statements from last week stand.

As I said, we are not about to give up on the great cities, the smaller industrial or market towns or the rural parts of our country, as the report over the summer suggested that we might. We believe that action at national and international level is necessary to respond to the current problems, given the global nature of the crisis, but so too is action at regional and local level. One important lever in that process is the network of regional development agencies.

Mr. Simon Burns (West Chelmsford) (Con): On the regions, will the Minister acknowledge that there is a role for individual Ministers for each region to play in helping to encourage and foster good business conditions? If he accepts that proposition, could he explain why the Minister for the East of England, during the first 11 months of her tenure, never once stepped foot in the largest county in the east of England, Essex?

Mr. McFadden: I believe that all the Ministers of the regions are doing a good job in working with business, and I include the Minister for the East of England.

It is now a decade since the Government created the regional development agencies, though I note that the Opposition voted against the Bill that created them. Those organisations, together with business, local authorities and other local partners, have played an important role in fostering economic development in their areas, be it the new media city in Salford, the North East Productivity Alliance aimed at lean manufacturing, or the east midlands redevelopment to create the UK's largest bioscience and innovation centre. Wherever we go, we can see value-added examples in which those organisations have been important partners.

Alison Seabeck (Plymouth, Devonport) (Lab): I thank my hon. Friend for giving way and for drawing attention to the role of the regional development agencies. He will be aware that marine skills and sciences are important to the south-west, particularly to Plymouth—there is a lot of international expertise. The RDA has been investing heavily in that area and supporting apprenticeships, which are important to small and medium-sized enterprises, of which there are many in the south-west, feeding into that industry. Will my hon. Friend give a commitment to ensuring that there is ongoing investment into RDAs to support apprenticeships in the south-west?

Mr. McFadden: As I said, we can find good examples in each region, and my hon. Friend highlights such an example in the south-west.

Anne Main (St. Albans) (Con): I ask the Minister again whether he has evaluated the impact of removing £300 million-worth of investment via the RDAs from small businesses. The hon. Member for Plymouth, Devonport (Alison Seabeck) may well have wanted

some of that investment. It was a painful decision; has he evaluated it, and would he like to tell us what he thought about it?

Mr. McFadden: I have a couple of things to say to the hon. Lady, who has raised this point consistently during the past couple of weeks. First, it is not the case that that money has been removed from small business support. The RDAs will spend some £6 billion during the next three years. Some of that money is spending geared for 2010, which has been brought forward to spend on a housing package now which will make an impact in the regions. If she is worried about public spending, I suggest that she discuss the matter with the Members on her Front Bench. They said last week that we should have lower spending. Perhaps she might take up the matter with them.

Mr. David Kidney (Stafford) (Lab): I do not suggest for a moment that there is an equivalence of severity between today's global shortage of funding and credit, and the collapse of MG Rover in the west midlands in 2001, but does my hon. Friend agree that in the aftermath of that collapse, which was severe for the region, the regional development agency, Advantage West Midlands, responded positively with support for the supply chain so that we did not lose the number of jobs that people thought we would? Is that not a model for the benefit that RDAs across the country can bring?

Mr. McFadden: That is a good point. I highlighted some examples of ongoing regional development around the country. At times of crisis and economic shocks, RDAs have played an important role. For example, during last year's floods, RDAs were able to get short-term help to businesses quickly and effectively. The example that my hon. Friend gave is absolutely right. In the west midlands, following the collapse of MG Rover, the RDA played a critical role in supporting businesses in the supply chain and in co-ordinating the retraining of the more than 6,000 workers affected. The result, not just of the RDAs' efforts, but of all those concerned, was that by late 2006 fewer than 500 of the original 6,000-plus workers were still seeking alternative work.

In the current circumstances, RDAs play an important role in working with businesses through their own initiatives, and they have already worked with businesses and local authorities to create a more user-friendly system of business support. In the past, too many of those schemes grew up, however well intended they were. Last week, my noble Friend the Secretary of State announced that they would be slimmed down to 30 advice, grant and loan products, which collectively will deliver some £1.4 billion in support to businesses. In individual regions, help is being provided to businesses in the current environment—for example, One NorthEast's efforts to match jobseekers with vacancies in the area or, in the south-east, the development agency's efforts to help businesses reduce the cost of their energy needs.

Last week, when I said that the Opposition had placed a question mark over the future of the RDAs, the hon. Member for Rutland and Melton said it was not so, but I have checked the statements of Opposition Members on that issue. The Leader of the Opposition said, just a couple of months ago:

"let's abolish things like the regional assemblies and the West Midlands Regional Development Agency."

He went on to say:

"I think the entire experiment with regional government, with regional assemblies, with many of the regional development agencies, I think that has been a complete waste and that should go."

When asked about restructuring regional quangos, the Conservative local government spokesman, the hon. Member for Brentwood and Ongar (Mr. Pickles), said that:

"you could only possibly say we were looking towards restructuring them if you felt that Ann Boleyn received a restructuring from the guillotine. So in that sense there is going to be a sort of divvying up of the corpse".

It is quite clear that the Opposition have placed at least a question mark—and that is putting it politely—over the future of RDAs.

Mr. Prisk: Let us be clear: no commitment has been made to do one thing or the other. We recognise that the regional governance of this country has become a muddle, which is why the assemblies are going. If the Minister is so keen to hear our policies, why is he not willing to wait? We have made it clear when we will make the final announcement. Good things come to those who wait.

Mr. McFadden: I do not think that the hon. Gentleman can gainsay the quotation of his own leader:

"many of the regional development agencies, I think that has been a complete waste and that should go."

It is impossible to deny that that is a threat to the RDAs. The quotes stand, and if the hon. Gentleman thinks that the policy is in doubt, perhaps he should talk to his party leader—perhaps he has not been told. We appear to be hearing one thing from the hon. Gentleman and another from his party leader and his local government spokesman.

We will continue to help businesses through the current economic difficulties with national, regional and local action. Local authorities have an important role to play as a customer, as with national Government, and through the valuable economic focus that many have.

Business taxation has been mentioned in our debate about the best way in which to help business. The rate of corporation tax and the small business rate are lower than those that we inherited. It is important for business to know that the Conservative party proposes to reduce reliefs on investment in plant and machinery as well as to abolish the £50,000 annual investment allowance. That would have a direct impact on precisely the sort of investment decisions that businesses need to make during the downturn. It has been fairly said that, in the wake of the financial crisis, perhaps the country should rely less on financial services and do more to support manufacturing. However, abolishing or reducing the reliefs would hit precisely the sort of investment that the country needs to boost manufacturing. Given the part of the country that I represent, I believe that manufacturing is important and valuable to our economy.

There is no doubt that it is a difficult time for our businesses. We cannot insulate business or our country from the effects of a global downturn, prompted by a banking and financial crisis unprecedented in recent decades. However, we can say to businesses and their employees that we stand with them. Through the steps that we have taken internationally, nationally and regionally and locally, we will continue to stand with business to help it through. On the other side of the difficult economic period, we will work with business to ensure

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that the energy and creativity of British business, which is renowned throughout the world, can continue contributing to our country in future.

12.52 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): The debate comes, as the Minister suggested, at a time of great financial uncertainty. Businesses throughout the UK face falling demand, rising bills and—as was mentioned with regard to the banks—a squeeze on their finances. Throughout the country, businesses fear that the boom of the past 16 years is turning quickly to bust. The Prime Minister may be in denial, but many of our constituents do not have that option. They face potential redundancy, and the businesses that they have built up over many years face closure. That is why I believe that the Government should scrap their planned tax rises for small companies. What, for example, is the economic logic of increasing small company corporation tax by £370 million in this of all years? As business owners in Cornwall said to me recently, they need a tax rise like they need a hole in the head.

We need further action. The Government should cut payroll taxes for the smallest employers to help them save money and thus keep jobs. Conservative Members want to help more small firms claim business rates relief. The Local Government Association reckons that, across England, only half the eligible firms benefit from the relief, despite its being worth up to £1,100 per annum. More needs to be done to help eligible firms claim that money, and I am pleased to say that my party is leading the way.

May I bring to the Minister's attention the concern about Government contracts that was raised with me when I met businesses in Birmingham last month? As he said, we have some excellent high-value manufacturers and service firms in the midlands. Yet some of the newer small businesses told me that they feel excluded from doing business with the Government because of the red tape around state procurement. The Government are the biggest purchaser of goods and services, spending roughly £125 billion this year alone.

What needs to change? First, the Government should scrap the rule that requires three years of audited accounts before firms can even be considered for bidding. Secondly, small firms in more remote locations need to be able to access contracts online more routinely than they can at the moment. Some contracts are online, but such a service is far from comprehensive. I have rural enterprises in east Hertfordshire, and their ability to keep track of Government contracts is limited, partly because of their location. Many Members will find that that applies to businesses in their constituencies if they are located away from major urban centres. To help them, all state contracts worth more than £10,000 should be published online as a matter of course, not on the current ad hoc basis.

Thirdly, there should be a single pre-qualification questionnaire for Government contracts that are worth less than £50,000. If a firm pre-qualifies for one Department, what is the logic behind making it go back to the beginning and reapply to another Department, given that it was clearly eligible for one Department? Taken together, those reasonably small steps could make a big difference to many businesses in my constituency and, indeed, in every region.

Mr. Kidney: I understand and agree with many of the hon. Gentleman's points. I am a great fan of the representative bodies, large and small, of business—the CBI, the British Chambers of Commerce, the Federation of Small Businesses. Does he agree that, with some co-operation from the public sector, those organisations would be great engines of support for the sort of the businesses that experience the difficulties that he described?

Mr. Prisk: I regularly meet representatives of those organisations and others. The hon. Gentleman is right that it is important that they have a strong voice. However, many of them are extremely good at doing what he suggests and it is important that the Government work closely with them. Indeed, several of my points came directly from the FSB, the CBI and other organisations.

Since the second world war, London has become a great world city. However, when we look at our international competitors, it becomes clear that some of our other cities have slipped behind. For example, Manchester, Birmingham and Newcastle, which are fantastic urban centres and have made great strides in recent years, have slipped behind their competitors in many major European countries, especially in GDP per head. That does not mean that we are a poor country, rather that we have become more divided between a Greater London metropolis and the rest. In the past 16 years of growth, the south-eastern economic powerhouse has moved further away from the rest of the UK.

Ten years ago, the Government presented their plans for regional development agencies. Yet from the start, those agencies were set two contradictory agendas: one collaborative, the other competitive. On the one hand, they are meant to help national Government close the gap between them, but, on the other, they are meant to promote their own prosperity. The most obvious example of that contradiction is the way in which RDAs compete abroad for inward investment.

If one travels abroad to the major centres of economic activity, one almost invariably finds different RDAs, with different offices, staff and budgets, each vying for the same inward investment. For example, in May, I went to Shanghai with nine other Members from different parties. There, we discovered that, in addition to the British consul and the team from UK Trade & Investment, there were four separate RDA teams, all bidding for the same projects. That makes absolutely no sense, and was completely bewildering to Chinese investors and businesses. I made representations to the Minister in May and June and I am told that some progress has been made. I hope that, following those representations, the nonsense has been resolved—perhaps he can tell us.

Mr. McFadden: The hon. Gentleman describes offices abroad organised by the RDAs as "nonsense". Will he say whether his colleague, the Mayor of London, intends to close all the London Development Agency's offices abroad, as he suggested during his election campaign?

Mr. Prisk: If that is the best response that the Minister can make, we are scraping the barrel. The Mayor of

London rightly has his own agenda and will do what he thinks is right. I am talking about the Minister and his responsibilities. When we made representations in the past two years, he and his predecessors failed to make changes. I asked in May and June whether business in Shanghai had changed. Will he confirm that?

Mr. McFadden: We believe that such offices work well with UKTI. Indeed, we recently commissioned a review into how they were working by the independent consultants Arthur D. Little. What I am interested in is whether, as well as hanging the guillotine over the RDAs, to use the phrase that the hon. Member for Brentwood and Ongar (Mr. Pickles) used, the hon. Gentleman is still committed to closing all the RDA offices abroad.

Mr. Prisk: I have told the Minister what should be done. There should be one strong team working in all the key economic centres that pools our resources and uses the strengths in UK Government, so that when investors are thinking about coming to this country, they get a clear and consistent view. The current muddle causes conflict.

John Howell (Henley) (Con): Let me reiterate my hon. Friend's point. My experience as an exporter and as someone who has helped UKTI is that the RDAs' approach has fundamentally eroded any concept of UK plc. That approach has meant that this country cannot exercise the muscle that the countries that have maintained a country approach can. For me, that was illustrated by a businessman returning from a mission to China. He said that it had been a disaster, because the Chinese had failed to appreciate the difference between the east and west midlands.

Mr. Prisk: I can reiterate that point. I had a peculiar discussion in which I had to try to explain why two separate representations were being made to the same business about why Coventry was better than Leicester. Wonderful as those cities are, to someone in Shanghai that competition is confusing. The result is that the business went to Germany in the end. The Minister might be happy with that competition between our cities, but it is not productive. I am keen to ensure that we have the most effective UK voice. I am happy for it to draw on the talents across the regions, but there must be a single operation and one powerful voice.

Mr. McFadden *rose—*

Mr. Prisk: If the Minister is going to promise that he will provide that voice and remove such competition, I shall be happy to give way.

Mr. McFadden: The regional offices should work with UKTI, but the hon. Gentleman is singularly failing to answer a simple policy question. Given the chance, would his party close the regional offices or keep them open?

Mr. Prisk: We believe that UKTI must be the lead voice abroad. The Minister can draw from that exactly what I mean. If the RDAs wish to participate, that is fine. However, there should be no competing offices and no competing resources; rather, there should be one powerful voice abroad. I hope that that answers his point.

My main concern is not only the confusion in the Government's policy of having competing bids abroad, but the fact that after nine years and £13 billion, the RDAs have failed to close the regional gap. Independent statistics show that, outside the greater south-east, England's regions grew faster in the seven years before the RDAs were introduced than in the seven years afterwards. Indeed, the rate of business creation in some of those regions is static. The result is that whereas the seven regions outside the greater south-east represented 64 per cent. of the nation's economic output in 1992, by 2006, the latest year for which we have statistics, that figure had dropped to 56 per cent.

I am not saying that everything that has been done has been wrong or that every pound spent has been wasted. However, the fact remains that the economic divide, which logically lies at the heart of a regional economy policy, is worse today than when those agencies began their work.

Alistair Burt (North-East Bedfordshire) (Con): My hon. Friend is being very generous with his time. He has illustrated that the RDAs have struggled to cope with the economic agenda that they have been given, but they have been given additional things to do, because of the failure of the regional assemblies and regional government, and have now been tossed the bone of new planning powers. Has my hon. Friend found any RDA that welcomes the new opportunity that it has been given?

Mr. Prisk: My hon. Friend is prescient as always, because that is precisely my next point.

The question is: what should the Government do now to help business in the regions? First—this relates to my hon. Friend's point—they should not dilute agencies that are meant to aid business by loading on to them functions that they neither want nor need. I have had a string of meetings with RDAs, all of which made it clear that they do not want the planning powers. I look forward to meeting an RDA that does want them, but none has contacted me yet. As the regional assemblies are collapsed, the idea of transferring planning powers to the RDAs makes no sense. That is why we propose instead that responsibility for the regional spatial strategies should return to the hands of local government—to people who are directly accountable to the communities that they serve.

Secondly, the quality and accessibility of business support needs to be sharply improved. The Minister confirmed that the Government had announced a reduction in the number of business support schemes last week, but I am yet to be convinced that Ministers really understand how and why business support must be business led, not Whitehall driven.

It is also clear, however, that we need to look ahead to see how we can strengthen the economies beyond the south-east. To do that we need to ensure that the future of economic development is closer to the real centres of economic activity. After all, the administrative boundaries of the regions rarely reflect local economies. Let us take my county of Hertfordshire as an example. Hertfordshire's economy faces south towards London, but we are lumped

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in with East Anglia. The M27 corridor along the south coast, for example, is a natural travel-to-work area, but the Government have split it into two regions. The future lies not in Whitehall-led policies, with artificial boundaries, but in enabling closer co-operation both between local authorities and between councils and businesses.

After 16 years of continuous economic growth, business is facing the harsh prospect of declining demand and shrinking cash flow. It is vital for businesses, in whatever region they lie, that we focus on how we can help them to survive. That is why my party has set out positive ideas to help them to cut costs, keep jobs and ease cash flow. That is also why the Government should strip their procurement budget of needless red tape, to enable small businesses to compete for this valuable work. I hope that Ministers will consider carefully the suggestions that we have made in this debate. All tiers of government have a part to play in the coming months to help businesses survive. Like the rest of us in the public sector, the Government must not forget that it is not they who create wealth, but business. Business creates the wealth and jobs on which the rest of us rely. It is important that Government Members remember that.

1.7 pm

Mr. David Kidney (Stafford) (Lab): It is a pleasure to follow the hon. Member for Hertford and Stortford (Mr. Prisk), who was unfortunately unable to attend the meeting last night in Committee Room 10, which was organised by the Industry and Parliament Trust. Parliamentarians had a good discussion with representatives, owners and managers of and professional advisers to small businesses throughout the country.

The event was very useful and showed that the small business sector is in a healthy position, representing as it does 99 per cent. by number of the enterprises in this country—about half our enterprise employment and more than one third of the total earnings of the sector. People said last night that they felt they were entering this difficult time in a much better position than in 1990, when they were net borrowers. Now they are net depositors. Now they feel better managed and are more flexible and ready to respond to the situation.

Partly as a result of last night, I want to dwell on two things. One is the big picture of British enterprise in a global economy. The other is the more immediate issue of access to funds, especially when credit and funding have all but dried up. I want to start with British business's global position by saying, "Let's hear it for the entrepreneurial spirit in this country. Let's hear it for the businesses and entrepreneurs who battle and who, with the right support, can carry the world with them, however global the markets in which they operate are."

The people attending last night's event were up for the struggle ahead and for seeing our way through to calmer waters, when the current difficulties will be over. We ought to respect the position of people who are willing to put their all into making this country a great place to do business and a great success in world markets. As policymakers and those who make decisions that affect their world, what do we need to do to make them competitive in a global economy? For us, this means being globally competitive in the areas that affect businesses, including regulation, taxation levels and, in better times, access to funding. This country ought to be well placed in respect of those factors. The Hampton review set us on the road towards world-class, risk-based, proportionate regulation. I might offer a word of caution, however, in that, as a result of what has happened to the banks and financial institutions recently, the appetite for deregulation and light-touch regulation has changed. It will be a challenge for us, as law-makers and rule makers, when we come out on the other side of the present crisis, to resist the calls for heavier regulation, and to stay true to the Hampton review agenda of risk-based, proportionate regulation. Of course, the definition of "proportionate" might be different after the experiences that we are all feeling so keenly and deeply at this time.

I should like to make a further point about regulation, although it admittedly relates more to the time when we come out of the present difficulty than to the present circumstances. Since 1994, we in this place have tried three times to set up a legislative fast track for getting rid of regulations that we accept are more burdensome than beneficial to British businesses. The first two attempts were well intentioned, but resulted in hardly any noticeable change. Last year, we made a further attempt, and we now have a Regulatory Reform Committee. The challenge for us, and for the business representatives and businesses that I mentioned earlier, is to work out a programme for sweeping away the regulations that we agree are too burdensome and provide too little benefit. We need to make use of the system that we in this House and the other place have established for fast-tracking the removal of those regulations from our system.

Mr. Prisk: The hon. Gentleman is right to say that red tape is a burden that particularly affects small businesses. Does he share my concern that, according to the Federation of Small Businesses, the cost of complying with the tax system is now estimated to be about £8,700 per firm? Should not that be looked at?

Mr. Kidney: Yes. We receive great advice from many sources about simplifying the tax system, and we should listen closely to it. There are gains to be made in relation to the detail of complying with our tax systems and, yes, there is progress to be made on that.

I should like to make a plea regarding our decisions on which regulations we no longer want. The most recent survey by the Forum of Private Business—which was recently reported to us, as legislators—asked its members to identify the most significant barriers to their businesses. The No. 1 barrier was health and safety regulation. Personally, I think there are great benefits to be derived from health and safety regulation for the safety of the businesses, their work forces and their consumers. Back in July, the Public Accounts Committee cited a telling statistic that should make this country proud of its health and safety record, which is the best in Europe: in 1974, 1,000 people died in their place of work in this country; in 2006, the figure was 250. We should not throw out with the bathwater the baby that is the reason why we have regulation in the first place. There are benefits, and we must not lose sight of them.

A long-term, and perhaps rather techie, point from a legislator such as myself is that it is quite difficult for

any business, but particularly small businesses these days, to follow the laws that Parliament has said they must abide by. We are constantly amending primary legislation, and passing secondary legislation that amends other secondary legislation. This is often difficult to follow. My solution would be to have very general primary legislation that permits things to be done through a secondary legislation system. A lot of the law that results from that should be codified. We should have up-to-date codes to which people can have access, so that they can find out everything they need to know about their subject. That is my long-term desire, and I hope we can achieve it one day.

I want to say a bit more about our global competitiveness and the taxation system. We need to be globally competitive through the tax rates that we charge in this country, compared with others. It is important for us, as legislators and tax raisers, to raise our eyes beyond the borders of our own country and be aware of the changes taking place in other parts of the world, to ensure that we remain competitive to the people who make simple decisions to move their investments from one place to another in this globally competitive world.

On the big subject of Britain in the global market, I would like to praise the workers and managers of JCB for their recent decision to work a four-day week to protect a larger number of the work force from redundancy. Perhaps some Opposition Members are not too keen on the involvement of trade unions in workplace negotiations, but I want to praise the GMB, in particular, for effectively brokering that deal and persuading the work force to vote for it.

Mr. McFadden: Does my hon. Friend think that a company such as JCB would be helped by the abolition of reliefs on investment in plant and machinery?

Mr. Kidney: I am quite proud of some of the reliefs and allowances that we have introduced since 1997. Reliefs on capital expenditure on equipment, and research and development tax credits, are positive things that we should not lose. I understand why my hon. Friend makes that point.

I should like to make a general point about JCB, which also applies to other employers. By making such a decision to keep together its skilled work force, the company is maximising its ability to respond when the upturn inevitably comes. It still has its skilled work force ready, rather than letting them go, which could result in their skills degrading or their getting other jobs and being unavailable to a world-class company such as JCB when the upturn comes. JCB is a creditable example of the British enterprise spirit, with its skilled work force and its trade union acting as a social partner in the workplace.

I turn now to the issue of access to funding and credit. Inevitably, instead of being part of a general discussion, this is now the No. 1 issue for everyone, because of the problems that we are all facing. The top issue for businesses in my constituency is their cash flow. It has always been important, but it is now critical. At the top of the list of problems is late payment. Businesses strongly believe that it is up to other businesses, like them, to pay their bills on time. They are also worried about the stories emerging of big players—the larger companies—slowing down their payments to others in the supply chain in order to protect their own financial position. They want to hear us say that that is unacceptable, and that organisations large and small should pay their bills on time. I am certainly happy to send that message clearly.

As a result of those problems, an old chestnut has re-emerged: the speed with which banks clear cheques and other payments into people's accounts. When people see countries such as Sweden clearing payments within 24 hours, they cannot understand why their bank is still telling them to wait for up to five days. Over the years that I have been an MP, I feel that we have been strung along by the banks. They have always said that, tomorrow, with the right technology, they will be able to whizz these payments into people's accounts. However, I am still hearing that that is not happening. This is something that the banks could quickly get on top of and do something about. Now that the Government are a shareholder in several of our banks, I hope that our representatives on their boards will raise that issue at meetings, so that the banks in which we have a say can start clearing cheques into people's accounts as quickly as they can. I should like to see the corporate giants of our economy, which pride themselves on their social responsibility, making a point of paying their bills quickly and on time, and doing so in a visible manner. That would set an example to others.

The Government are also an important buyer of goods, services and major contracts. They therefore have many bills to pay. It is pleasing to hear them say that they are committing themselves to paying those bills as quickly as possible and, in any event, within 10 days. I want the Minister to say that we can have regular updates to show that that is happening. In good years, we have accounts from Departments about their performance, and it is fair to say that even with a target of 30 days, they have not always shone with 100 per cent. success in meeting that deadline. In such times, it is crucial that we, the scrutinisers of Government, have the necessary information.

The Government are an important part of the public sector, but there is a big public sector beyond them, and it is important that we urge everyone to adopt the same responsible approach of paying bills as quickly as possible. One thing that we can do as individual Members of Parliament is to chase up the public sector organisations in our constituencies and urge them to pay their bills quickly. I have written to the health trusts, the primary care trust and so on in my constituency to urge them to pay their bills as quickly as possible.

When there are such pressures on access to credit and funding, people are concerned about the apparent drying up of access to funds at banks and banks unilaterally changing conditions of trade with their business customers. People have told us about loans that they thought would be rolled over but will now not be, or of loans that will be rolled over but on higher interest rates. As legislators, we should look at the terms that banks are going to use to do business with small and medium-sized enterprises from now on. The investment that we have made in some banks from public funds means that we should have a say in their performance. At Question Time today, some of us asked the Chancellor and his team about the promise that the banks which have been

[Mr. Kidney]

recapitalised using public funds will keep their lending at 2007 levels. We need to understand what that means for businesses.

I can understand issuing a caution about not wanting to repeat the mistakes of the past and have irresponsible lending—the idea that asking banks to hit a target could lead to pressure to make the same mistakes—but lending to businesses has nearly always been responsible in this country. There is no reason to think that there should be any falling off in levels of lending to companies as long as businesses and banks continue the relationship that they had.

On a final point about access to funding, and one that is beyond the Government, we heard an exchange between the Front-Bench spokesmen about making money from the European Investment Bank accessible to businesses as quickly as possible. I join the hon. Member for Hertford and Stortford in urging that we act quickly on that. To reprise the point that I made to the Minister about Advantage West Midlands, there was a huge shock to manufacturing in the region when MG Rover collapsed in 2001. There was a great deal of worry about the supply chain, which was extensive throughout the region, and about huge job losses as a consequence. Advantage West Midlands responsibly stepped up to the plate and made transitional loans available for businesses that were trying to find work to replace what they had lost with the collapse of MG Rover. As a result of that scheme, there were far fewer job losses than any of us had feared would be the case. The scheme was wound up when it had done its job, but because of the current situation, its time has come again. In fact, I can think of an individual case in my constituency which would benefit now, today, from access to similar funding. I certainly urge the Minister to make moves to see whether such money could be made available in the west midlands and across the country.

The public sector as a whole is a huge procurer of services and should not drop its guard when it offers contracts to businesses in this country. I recently chaired an inquiry that produced the report "Sustainable Procurement". Despite its title, it is not a green document, but is about the sustainability—economical, environmental and social—of the procurement power of the public sector. I recommend it to the Minister. It includes pointers that would help British businesses to secure British contracts.

There is such pressure on businesses that, inevitably, they will look at their skills training budget and ask whether it should be cut in these times of difficulty. That would be a dangerous thing to do and I urge them not to cut back on training now, because in the longer term, when the upturn comes and we need the skills of a better trained work force, they will miss not having made that investment. I hope that they will see the sense in maintaining their skills investment.

1.25 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): It is always a pleasure to follow the hon. Member for Stafford (Mr. Kidney) who, as usual, spoke with great common sense. I am tempted to follow him down the route of discussing health and safety regulation, because it is important, but I do not think that the time allowed permits me to do so. I shall therefore follow the major thrust of the end of his speech on the availability of finance, which is the critical issue for all businesses throughout all the regions and nations of the United Kingdom.

First, however, I want to comment on the discussion about inward investment and the regional development agencies, and point to the nations as opposed to the regions. Scotland has one body responsible for inward investment, and it operates reasonably well. However, those of us in the more outlying areas find it useful to have our own personnel to go abroad and win business. Thurso is not, perhaps, the first port of call for a Japanese battery manufacturer, but we were successful in winning that business, and an important part of our local business it is. Perhaps that is a lesson for the RDAs.

I have no doubt that when the figures are published early next year, we will find that we are currently in recession. The only questions are how savage it will be and how long. As in any recession, the core question that every business is asking is how to maintain its cash flow and how to survive. In past recessions, frankly, if we are honest, the policy levers available for helping businesses at any level were, to an extent, curtailed, because what was really needed was to get the economy going again. However, one lever is available in this recession that has not been available before. Owing to the financial crisis and the fact that the Government are now owners of some banks and substantial shareholders in others, they have an ability to affect the outcome of how those banks deal with businesses.

We have heard in debates on business over the past week of banks increasing interest rates, increasing fees and curtailing facilities. I have recently had some concrete examples of where loan-to-value covenants have been breached. The bank has called in the facility on the basis of that breach, there has been a requirement to charge more interest, which in turn has breached the interest covenant, and the company is threatened with going into receivership, notwithstanding the fact that it is fully profitable and can carry on. Obviously, I could give details of the company involved, but the point is that sound companies are threatened with being put into administration.

Today, I understand that the Chancellor of the Exchequer and Lord Mandelson, the Secretary of State for Business, Enterprise and Regulatory Reform, are meeting the chiefs of the banks. I again ask the Government to consider having a proper and spelt-out memorandum of understanding, clearly stating not the detail of one particular loan, but how in principle the banks are going to deal with companies. I suggest that that simple memorandum of understanding would cover several things. The first is the ability of banks to withdraw overdraft facilities on demand. They should agree to a 28-day period from notification to when they would put it into effect. The second concerns covenants on capital values and interest to cover the point that I have just made. The third is to agree not to increase the current interest margins and fee charges that sound companies are paying. Another is to cover the point that the Chancellor made in an article that I read this morning, which says that he

"has promised to step in if banks were found to be 'recklessly withholding money'"

Clearly there must be a way that the problem can be dealt with before the company has gone under, and that needs to be spelt out as well.

I suggest to the Minister that one of the main things that we need is clarification from the Chancellor and Lord Mandelson about precisely what is meant. At present there is merely an open aspiration that credit will be available at 2007 levels, and until clear principles are established demonstrating what that means to businesses, it will not be a great deal of help to them. While I accept that summits, forums and meetings are of some use to businesses, what is really required from the Government at this time is leadership and clear direction, and that means setting out the principles on which the banks will operate over the next two years.

1.30 pm

Anne Main (St. Albans) (Con): I agree with some of what has just been said by the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso). I recently asked my local chamber of commerce what challenges faced businesses in St. Albans. It listed a wide range of problems, but most of them involved cash flow. Banks in my constituency are aware of the problems facing businesses, but there is a domino effect: when Peter does not pay Paul, no one can pay anyone. That is a big problem, and it will become no easier as time goes by. If other Members have not asked their local chambers of commerce the same question, I can tell them that there is a lot of hurt out there, and people in my constituency are certainly letting me know about it.

I listened with interest to the Minister's praise for regional development agencies, but let me redress the balance somewhat by drawing attention to the concerns that exist. It is true that the RDAs' statutory purposes are, among other things, to

"further economic development and regeneration"

and

"to promote business efficiency, investment and competitiveness".

However, in evidence given to the Select Committee on Business and Enterprise in October, the Institute of Directors expressed the rather different view that

"with the exception of the Regional Economic Strategy, this work"

—the work done by the RDAs—

"could have been done just as well by a properly staffed Government Office. From the viewpoint of business in the broader sense of the word, the benefit of the RDAs has been their business focus. Unfortunately as the years have gone by, that focus has diminished in the Region".

That strikes me as quite a worrying comment.

The RDAs have proved somewhat controversial and somewhat political, and the criticism has often been made that they are spreading themselves far too thinly without making a concentrated effort to tackle underlying problems. Let me say to the Minister again—and I will continue to say it—that the fact that funds that were to be directed towards business via the RDAs have been pinched to prop up the housing market is yet another problem. There will now be even less money for the RDAs to divert to small businesses, especially in my area, which makes me question whether there is any point to RDAs in general.

The RDAs have also been accused of being too political, not just by the Conservatives but by business representatives. In its evidence to the Select Committee, the Institute of Directors also said that Government were

"making the roles of the RDAs less business orientated, and more overtly political".

There are concerns about the operation of the RDAs and about their ever-escalating budget, which has increased steadily since their creation. It stood at £2.44 billion in 2008, but that amount was not divided equally among the regions. Although the east of England is seen as a cash cow by the Government, my area received only £159 million worth of the pie.

It could be asked why the Government have chosen to put the money where they are putting it. There are more small business start-ups in the east of England than anywhere else, and we are seen to be giving a huge amount to the Chancellor, which he redistributes to—I would say—his friends elsewhere; yet we receive very small amounts of the budget. That too causes me to question the role of the RDAs. The position seems bizarre to me, and, as I have said, I keep asking the same question.

I have been told that the decision to take money from the east of England was painful and reluctant, but I do not think that the Minister has addressed it at all. We receive less than any other region, but £300 million has been taken from the RDAs' budget, and some of that is coming from the east of England. If the decision was indeed painful and reluctant, and if it was made in the knowledge that it would be an issue, may I ask what evaluation was made of the impact on businesses? I should really like an answer to that. It is particularly worrying that we are still feeding the delivery system although our budget has been taken away.

As I said at the outset, businesses in my constituency are hurting. There are huge worries about the economy, and about how the area will fare. We are seen as being wealthy in St. Albans. While I dispute that—there are multiple poverty indices in parts of the area—it must also be said that we are not doing too badly. However, a recent survey by Oxford Economics, the commercial wing of Oxford university, placed St. Albans 16th out of 408 areas in the United Kingdom in terms of how badly it would fare as a result of the possible impact of the credit crunch. If the fact that we are the 16th most vulnerable area in the UK does not worry the Minister and other Government officials who tell us that we are wealthy, it ought to.

We may be wealthy according to certain indicators, but we are also vulnerable when things start going wrong. Our area is very exposed, and particularly vulnerable in an economic downturn. The average credit card debt among St. Albans residents is £1,871, which makes us, in terms of credit cards, the fourth most indebted area in the country as well as the 16th most vulnerable to a credit crunch.

I believe that we need a better form of delivery, enabling investment to go directly to the people who need it most. I was amazed to learn that—as my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) mentioned earlier—the RDAs have cost the taxpayer £13 billion: £600 for every household. We must ask ourselves whether this is the best way of delivering

[Anne Main]

money, not only to small businesses but to local people who are struggling economically. I would happily scrap these bloated quangos. I do not believe that we need a regional solution to local problems. That is not to say that there is no role for regions, but all too often we look to people in a distant place to deliver local solutions, and the businesses in my area feel that they do not always get it right.

If we are going to spend so much money on a delivery body, let us make sure that we do get it right. If we believe that this is the right way in which to do things, let us not rob the pot when it is convenient. Surely the money that has been spent in this way could be better spent on reducing small businesses' national insurance contributions, cutting small-company corporation tax, and tackling all the red tape and bureaucracy to which other Members have referred and which is tying my small businesses in knots.

1.37 pm

Mr. Charles Walker (Broxbourne) (Con): By a process of elimination, I note that it is now my turn to speak.

I feel that the issue of small businesses warrants more than a topical debate lasting an hour and a half, and I do not think that it says a great deal for topical debates that this great amphitheatre of our democracy is so sparsely attended. I hope that the House will consider the future of topical debates, which are about as relevant to this place as a peanut is to a dinner party. They add so little to parliamentary life that the experiment has probably run its course. However, I have listened with great interest to the contributions of Members on both sides of the House. I particularly enjoyed those of my hon. Friend the Member for St. Albans (Anne Main) and the hon. Member for Stafford (Mr. Kidney). Both made very thoughtful speeches.

Let me say gently to the Minister that, while we all accept that the credit crunch is a global problem, we must also accept that the problem with small businesses is that banks in this country are simply not lending them money; or, if they are lending them money, they are raising the interest rates at which the money is to be paid back. I have made that point twice before in the House, and I think that if it is worth making twice, it is probably worth making a third time.

All Members are probably aware that when interest rate periods end, banks are going back to their clients, the small businesses, and renegotiating the rates upwards, often to a significant extent—from, perhaps, 6 or 7 per cent. to 15 per cent. or more. That is putting huge stress on small businesses.

It would be churlish not to welcome the fact that the Chancellor is sitting down with the banks today to try to get them to ease their lending terms. But I am concerned that this is the third or fourth such meeting he has had with the banks, who do not seem to be taking seriously his treaties on the matter. This should be the banks' last chance. If they do not improve their lending terms to small businesses after today's meetings, next week the Chancellor should be a little more forceful with them. After all, their balance sheets are being shored up by taxpayers, many of whom own small businesses.

Small businesses encounter problems when creating jobs. A sole trader in my constituency makes a very good living helping people to create more storage space in their homes. As can be imagined, he is quite busy at the moment with people choosing not to move house and to do a conversion or to make use of the space they have instead. He told me that he would very much like to take on another person to work with him but he is put off by the increase in paperwork and the regulatory burden that that would create for him. That is a great sadness.

We talk about corporate social responsibility within small businesses; there is nothing more responsible than allowing small businesses to create employment opportunities. Most employment opportunities I believe—I could be wrong; if so, I am sorry for misleading the House—are still created by businesses employing fewer than 10 people. I would be truly grateful if the Government went away and thought about how they could help the very smallest businesses to create additional jobs.

Mr. Prisk: It might help my hon. Friend and, indeed, the House if I said that it is my understanding that, over the past 10 years, the proportion of small businesses that employ people has fallen; now, seven out of 10 small businesses employ absolutely no one.

Mr. Walker: If those figures are correct—I have no reason to believe that they are not—that is a great sadness. This House recognises that small businesses should be the engine room of the economy. If we have a healthy small business sector, we have a healthy, growing and expanding economy.

I conclude by making a plea to the Bank of England. If anyone at the Bank is watching proceedings here today, will they please take on board that small businesses need their interest rates reduced? We need to get interest rates down and to reduce the costs of borrowing and of capital. We need to give small businesses a fighting chance to have a prosperous future.

1.43 pm

Mr. McFadden): I will not detain the House for long, but I wish to make a few concluding points. I thank all hon. Members for taking part in the debate on what we all agree is an important issue. It is the second time in two weeks that the House has discussed it and I agree with the hon. Member for Broxbourne (Mr. Walker) about its importance.

The hon. Member for Hertford and Stortford (Mr. Prisk) spoke about small businesses and public sector procurement. It is not the case that businesses need to show three years of full accounts to bid for public sector contracts. How to enable more small businesses to bid for those contracts is a legitimate issue to consider, and the Glover review, which we commissioned to look into that, should report next month.

The House will have noted the evasive responses of the hon. Member for Hertford and Stortford when asked three times whether his party would keep or close the regional development agency offices overseas. Perhaps I can enlighten him with a quote from the hon. Member for Rutland and Melton (Alan Duncan) who said:

"We will end the practice of agencies establishing overseas offices."

If the hon. Gentleman was unenlightened about his party leader's position on RDAs, he is now enlightened about the position on overseas offices.

My hon. Friend the Member for Stafford (Mr. Kidney) quite rightly praised good companies such as JCB which do an excellent job in this country and abroad. He also raised important issues to do with cash flow and credit—matters of significant concern for businesses at the moment.

Mr. Prisk: On credit, will the Minister answer the question that was put earlier? Why is it that in France the first tranche of money has already been given to small firms but, in this country, the Government are still dealing with the paperwork?

Mr. McFadden: As I said to the hon. Gentleman earlier, this very day the Chancellor and my noble Friend the Secretary of State are meeting the European Investment Bank and other banks to progress this matter, and I assure him that it will be done with all due speed.

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) spoke about the value of having representation abroad for a rural area such as his and also raised the important issue of access to finance. As the Chancellor said at Treasury questions earlier, this point is taken extremely seriously by the Government.

The hon. Member for St. Albans (Anne Main) agreed with her party leader that the RDAs should be scrapped. My only point with regard to the benefits and costs to the east of England of various expenditures is that the east of England, too, will benefit from increased expenditure on housing. I suspect that housing is an issue in the east of England and the £1 billion package announced last month will bring benefit to the area.

On small businesses and employment, raised by the hon. Member for Broxbourne, not only are there significantly more small businesses in the country than there were a decade ago, but they employ 1.5 million more people than they did a decade ago. We have more small businesses and we have more employment in those businesses thanks to the stable economy and growth that we have enjoyed.

In conclusion, we will keep working with both banks and businesses to see the economy through the coming months.

Question put and agreed to.

Resolved,

That this House has considered the matter of businesses and the regions.

Defence Policy

1.48 pm

The Secretary of State for Defence (Mr. John Hutton): I beg to move,

That this House has considered the matter of defence policy.

It is a great privilege for me to be able to open today's debate on defence policy, and I am very much looking forward to the contributions of all right hon. and hon. Members. There is a depth of experience in this Chamber on which I would like to be able to draw in the weeks and months ahead. We all know that our country and its armed forces face real and obvious dangers. I hope that we can all work together to help to overcome them and to show our support for and pride in the men and women who serve our country so well.

May I also begin by paying tribute to my immediate predecessor? My right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne) was a distinguished Secretary of State. In my first week as Defence Secretary, I attended a meeting of NATO Defence Ministers in Budapest. I can pass on to my right hon. Friend that, as I was being introduced to colleagues from different member states, every one of my counterparts spoke of him with genuine warmth and respect, and rightly so. Those comments are a testament to his integrity, dignity and intellect, and I should like to pay my own personal tribute to the leadership that he gave to the MOD over recent years.

At the outset of my first defence debate, I would like to remember the men and women who have been killed or injured serving their country. My thoughts and prayers are with their families, friends and colleagues. The individual sacrifices of this generation stand comparison with those of any other in our nation's history. We must never allow their service and sacrifice to be forgotten, because we owe them so much.

I welcome this debate on defence policy. The primary purpose of our defence policy is to protect and enhance the security of our people. That is why we currently have 8,000 troops serving in Afghanistan and more than 4,000 troops in southern Iraq. It is also why we are investing more than £6 billion this year in new capabilities to serve the needs of our armed forces now and in the future.

The nature of conflict changed throughout the 20th century. Thankfully, large-scale inter-state warfare is today less likely than it has been for some considerable time. Although we must always have the capability to defend ourselves, if necessary by ourselves, today our security will more often than not be aligned with that of our allies.

Over the past few years, Her Majesty's Government have set out the modern nature of the global context in which we now operate. In the strategic defence review of 1998 and its new chapter in 2002, and more recently in the national security strategy, we have sought to identify the nature of the modern threats we now face: terrorism, failing states, weapons proliferation and energy insecurity. The UK's defence policies contribute towards three overarching strategic objectives: to achieve success on operations; to be ready to respond to tasks that might arise; and to build for the future. I would like to say a few words about each of these objectives.

Mr. Bernard Jenkin (North Essex) (Con): The SDR set out a number of key long-term capabilities that the Government were to acquire over a period. The Secretary of State has now said that one of the big projects will be cut. Which is it?

Mr. Hutton: No, I have not said that; I want to make that clear to the hon. Gentleman and the House. The SDR continues to inform our thinking; our future procurement strategies are designed around the analysis contained in it. An equipment examination is under way—as the hon. Gentleman, who is a distinguished Member of this House and of the Defence Committee, will know—but we have not made any decision not to proceed with any major procurement. I am grateful to the hon. Gentleman for giving me the opportunity to make that clear.

Let me say a few words about each of the three important areas of interest. Our first objective—to achieve success on current military operations—is the most critical responsibility that my Department has to discharge. I have recently returned from visiting Afghanistan and Iraq. Along with many Members, I witnessed the professionalism and courage of our armed forces as they undertook their missions in what are challenging and very tough conditions. Like everyone else who has visited those theatres, I have returned impressed by the strength and common purpose of the UK's military-civilian effort in both Iraq and Afghanistan, and particularly in Helmand. It is testament to the widespread belief that sustained progress in Afghanistan will depend on security and governance combined—as, in fact, is the case in every modern conflict. I am glad to be able to report to the House that morale among our troops is strong and high. There is a deep sense of duty and commitment to the mission.

I am also clear about the primary purpose of that mission: protecting the British people here at home. The passage of time and the complexity of modern counter-insurgency campaigns can sometimes combine to obscure the simple and unambiguous reason for our intervention in Afghanistan. Those who question the mission in Afghanistan need to be clear about the alternatives. This is not a discretionary campaign. The return of the Taliban and al-Qaeda to power in Afghanistan to re-create a safe haven for international terrorism would constitute a disaster for the international community, and it would represent a clear and present danger to the security of the UK. For those reasons, we cannot allow that to happen.

Harry Cohen (Leyton and Wanstead) (Lab): I hear what the Secretary of State says, but that was not the point made by British commander Brigadier Mark Carleton-Smith, who said:

"We're not going to win this war"

and that if the Taliban were prepared to

"talk about a political settlement",

that would be

"precisely the sort of progress that concludes insurgencies like this".

Should we not be going down the route of trying to get a political settlement, even if that brings the Taliban into some form of Administration?

Mr. Hutton: Brigadier Carleton-Smith is a very fine officer, and 16 Air Assault Brigade did a fantastic job of work in Afghanistan. However, my hon. Friend has taken those words out of context. The brigadier was saying that we will not win the campaign in Afghanistan by military means alone, and I agree very strongly with him. There will have to be progress on the political side at some point—no one disputes that—and the sooner the better. We should be clear that if people are prepared to renounce violence, support the democratic process and ensure peace and stability in Afghanistan, we would not have any problem with such a political process being kicked off, but it is totally unacceptable for there to be in any sense a political reconciliation—to borrow my hon. Friend's words, I think—with the Taliban, who are an armed insurgency with a poisonous hatred of the west and of the decent values for which we and our allies stand. That would not be a political reconciliation; that would be a surrender, and that is not going to happen. Therefore, we must be clear about the military purpose, and we should not become confused over the semantics.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I hope that the Secretary of State does not confuse Opposition Members' commitment to the mission with our right to question the strategy, which we very much do question. I am grateful that the Secretary of State is present, but I am concerned that, while today's proceedings will focus on Afghanistan, neither the Secretary of State for International Development nor the Secretary of State for Foreign and Commonwealth Affairs will be present. Hugh Powell, who is in charge of the provincial reconstruction team, answers to the Foreign and Commonwealth Office and the counter-narcotics operation is also FCO. Reconstruction and development is all to do with DFID, yet the Secretary of State for International Development will not be present to answer questions on that. We are firing 10,000 rounds of ammunition every single day, and we need to have more scrutiny over Afghanistan than is currently the case.

Mr. Hutton: I do not question the hon. Gentleman's motives; he is entitled to his opinions and to express them freely and fairly in this House without any let or hindrance, and he does that—and good luck to him. However, it is one thing to be long on the analysis of the problems, but we in this place must also be clear about the solutions. Those who are suggesting that the mission is doomed to failure and should be curtailed or ended, and that our guys should come home—*[Interruption.]* Well, I respect the hon. Gentleman for not saying that, but those who do say it have to be able to deal with one other question, which is important as it affects security here in the UK—would they be happy with the return of the Taliban and al-Qaeda and the safe havens that would be generated? *[Interruption.]* I understand that that is not the hon. Gentleman's point, but there are many who do put that point.

The hon. Gentleman is entitled to question the mission and to question Ministers; that is fair and proper and it is what we gather here to do. In answer to his questions about the Secretaries of State for International Development and for Foreign and Commonwealth Affairs, let me point out that this is a defence policy debate. The strategy in Afghanistan is a combined political and military strategy. There are plenty of opportunities in

this place—the hon. Gentleman will know all about them—to question both those Secretaries of State about all such matters. I suspect that if both of them were present we would all make rather long speeches, and that the hon. Gentleman would probably not be called to contribute today—and we would all be the poorer for that.

To turn to a point that I suspect addresses the concern of my hon. Friend the Member for Leyton and Wanstead (Harry Cohen), I acknowledge that in its form and length the conflict in Afghanistan is different from many in which we have been engaged during the past century. Progress will be measured; it will be incremental, and it will take time. We will need patience, which is difficult in an era that often demands instant solutions. I understand the responsibility on me to continue to make it clear to the House and the British people why we are asking the men and women of our armed forces potentially to pay the ultimate price. I believe, very simply, that it is to protect our freedom, our values and our security as a nation.

Clearly, 2008 has been a difficult year for coalition forces in Afghanistan. We have lost 35 brave men and women in the service of this country, and there remain issues of real concern, such as the increasingly porous nature of the border with Pakistan, the fragile nature of governance in parts of Afghanistan, and the corrosive effect of the drugs trade on civil society.

As with most things in life, however, sweeping generalisations often fail the test of serious scrutiny. So it is in the case of Afghanistan, where there is real and tangible evidence of progress. With the support of our troops, the Afghan national army is becoming a force capable of independent counter-insurgency operations, as those in Lashkar Gah recently demonstrated well. The ambition to increase ANA force capacity from 60,000 to 122,000 over the next few years is the right strategy for coalition forces and the Afghan Government. We will give our full support to the ANA's increasing role and capability.

In 2009, there will be provincial and national elections in Afghanistan. We know that the insurgents will do everything that they can to disrupt the democratic process, because they are opposed to it, but the simple principle of the democratic ideal is universal: that every man and woman in Afghanistan should have the chance to choose their Government, free from violence and intimidation. Of course, it is for the Afghans to decide how they want their country to develop, and it may take many forms, but I would argue consistently for that strong, clear, simple, universal principle.

Effective security and governance are linked by the third challenge in Afghanistan, which is tackling corruption. Narcotics remain the poison that permeates Afghanistan's political and economic system as well as its people. There has been some progress, and 2008 has seen a fall in opium production. Following the recent NATO summit in Budapest, I am confident that the international security assistance force in Afghanistan can make greater progress still in targeting the opium factories and narco-traffickers to cut the primary source of funding for the insurgency. I accept that there is more to do, and that the Afghan forces themselves must increasingly take responsibility.

There has also been real and tangible progress in Iraq towards the creation of a secure and stable democracy in the middle east. Security has improved across every part of Iraq, with the level of violent incidents down to what it was in 2004. Increasingly, the 600,000 Iraqi security forces are taking the lead, with coalition forces able to concentrate on support, training and mentoring roles. That is as it should be. When I visited Iraq last week I was enormously encouraged by what I saw. The security situation in Basra, particularly, has significantly improved, and with our continued support the Iraqi security forces have freedom of movement right across the city.

We are on track to complete our training mission with the 14th division of the Iraqi army in the first months of next year, in line with the Prime Minister's announcement of 22 July. Once we have completed our key tasks in the south, we expect a fundamental change of military mission in Iraq in the early months of next year. I discussed the matter with Prime Minister Maliki and Defence Minister Abd al-Qadir, who both want an enduring, broad-based bilateral defence relationship with the UK, in which our military role in Iraq is focused on training and education. That is what we want, too. We are working on the details of that, including a status of forces agreement, to provide the legal basis that will underpin our troops' presence in Iraq beyond the end of the year. I should like to put on record my appreciation for what our troops have done and are continuing to do in Iraq. When they return, they can come home with pride and satisfaction in the job that they have done.

I wish to touch briefly on the two other objectives of UK defence policy: readiness for new operations and building future capacity and capability.

Harry Cohen: I am extremely grateful to my right hon. Friend for being so generous in giving way a second time. I shall try not to disturb him too many times. Before he finishes talking about Iraq, may I draw his attention to Amnesty International's report of this summer, "Iraq: Rhetoric and Reality—the Iraqi refugee crisis"? It stated that the number of Iraqis who had fled their homes had reached 4.7 million. According to Amnesty, it exposed how

> "the international community is evading its responsibility towards refugees from Iraq by promoting a false picture of the security situation when the country is neither safe nor suitable for return."

I know that the Secretary of State has been there recently. Does he agree with Amnesty's assessment?

Mr. Hutton: I agree that there is a serious problem about refugees. It is good to know that some of them are now returning to Iraq, but I would not accept that what I have said today in any way gives a false impression of the security situation in Iraq. We all know that the conflict has been horrendously difficult, but we must not let that experience cloud our assessment of the current situation. We should not deny that al-Qaeda remains a threat in parts of Iraq, but there has been a transformation in the security situation in the past 12 months. We should acknowledge and build on that. With great respect to my hon. Friend, it will not do any good to the cause that I hope we serve together to suggest that anything other than progress is being made in Iraq.

The national security strategy was intended to set out the threats that we face as a country, ranging from terrorism and weapons proliferation to climate change and energy security. Of course, they are not fixed in one

[Mr. Hutton]

location or region, nor are they easily predicted, but what we can say with certainty is that the UK must develop capabilities to meet the wide range of potential threats that now exist. In the first instance, that means recruiting and retaining the right people and ensuring that our armed forces get the support and recognition that they deserve both during their time of service and after they leave the services.

I hope that Members are already well aware of the personnel Command Paper, which was discussed during the debate on defence in the UK earlier this month. It was based on the key principle that those who serve our country must not be disadvantaged by what they do and that, where appropriate, they should receive special treatment in recognition of the service they have rendered. From rewarding six years of service with college or university education, free of tuition fees, to upgrading service accommodation, the Command Paper contains more than 40 specific commitments that are designed to remove disadvantage and improve service life. It is a mark of the respect that a nation should have for those who have served our country and risked their lives for its security. That respect was why the Government were able to respond with enthusiasm yesterday to the recommendations of the Under-Secretary of State for Defence, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), to enhance yet further the national recognition that we give to our armed forces.

Force readiness is another important indicator of the preparedness of our forces to respond to new threats. I recognise that that is a long-standing concern for the House, particularly given the current tempo of operational commitments in Afghanistan and Iraq. However, I hope that all Members would agree that the armed forces' overriding priority must be the success of current operations. As we all know, in every year since 2002, they have operated above the overall level of concurrent operations that they are resourced and structured to sustain over time. However, they have consistently and reliably provided substantial forces at immediate readiness for current operations. The armed forces are stretched, but the chiefs of staff advise me and my ministerial colleagues that, at present, the situation is manageable.

The current commitments will have an impact on our ability to meet force readiness targets for the full range of potential contingent operations provided for in our planning assumptions. None the less, I am concerned to improve force readiness. As I have made clear, subject to conditions on the ground and the advice of our military commanders, we will be in a position to reduce substantially our commitments in Iraq over the course of next year, which will help to relieve the burden on key strategic assets. Following a detailed review of the security situation in Kosovo, and of wider military commitments, we have agreed that the UK contribution to the Balkan operational reserve force should cease at the end of this year. That, too, will help.

Force readiness is also about our ability to respond to demands for new equipment on the front line. To date, more than £3.6 billion from the Treasury reserve has been approved for urgent operational requirements. That money is for new protected vehicles, new body armour, better communications and improved defensive systems.

Angus Robertson (Moray) (SNP): I thank the Secretary of State for allowing an intervention at this important point in his speech, when he is talking about equipment. I am sure that he would attest to the vital role that the Nimrod aircraft play in UK efforts around the world. Will he examine closely the serviceability of those aircraft along with the important current focus on their safety?

Mr. Hutton: Yes, of course I will. Ensuring that we have sustainable equipment and that we can service and maintain it at reasonable cost over the duration of its lifetime is a very important part of the overall procurement exercise. I can certainly give the hon. Gentleman that assurance.

Before I was very nicely interrupted, I was saying that we have invested significant additional resources in re-equipping our forces, particularly in the operational theatres in which they are active. Just yesterday, my right hon. Friend the Prime Minister announced a further £700 million of investment in almost 700 new protected mobility vehicles, which will be crucial to our mission in Afghanistan.

Mr. James Arbuthnot (North-East Hampshire) (Con): All those new vehicles are, of course, very welcome. How do they fall into the future rapid effect system programme? Is FRES dead?

Mr. Hutton: These procurements are urgent operational requirements; they do not have any impact on FRES, which is an important part of the long-term equipment programme. Obviously, we are examining every aspect of FRES, just as we are examining every aspect of all the major equipment procurement projects in the pipeline, but these are operationally specific acquirements for the armed forces that are necessary to meet the particular circumstances, especially those in Afghanistan. I believe that this equipment will help to save lives and to improve the effectiveness of our operations in Afghanistan. Even in the most challenging of economic times, we are demonstrating that our commitment to equipping our armed forces remains clear and resolute.

Mr. Brian Jenkins (Tamworth) (Lab): It is well received and recorded that we now have the best-equipped British soldiers in our history, as far as any activity is concerned. The insurgency and the enemy that we face has a changing pattern, so will we be given a guarantee that as and when requirements change, the money will be made available to ensure that our troops remain the best-equipped in the world?

Mr. Hutton: I am grateful to my hon. Friend for his first point about the overall standard of the equipment that is in theatre. When I was in Afghanistan and Iraq last week, I asked every soldier, sailor and airmen to whom I spoke to tell me what was wrong with their kit. I was told, "There's nothing wrong with the kit, sir. If anything, it is too heavy." It is heavy for a fundamentally good reason. The new body armour—the Osprey body armour—can stop high-velocity rounds. I want these guys to come home, and the body armour will help more of them to do so, without fear of injury. I am not saying that more improvements do not need to be made. More improvements probably will need to be made, because the technology is evolving, as is the theatre. In response to his latter point, the Treasury has stood by

Britain's armed forces; when extra equipment has been needed, the money has been found. I have no doubt that if there is a requirement for further equipment, it will be met from the reserve, as the nearly £9 billion of total additional theatre-specific spending since 2003 has been.

Richard Ottaway (Croydon, South) (Con): Before the Secretary of State moves on from the section of his speech that deals with equipment, may I ask him a question about aircraft carriers? An aircraft carrier is a powerful weapon—it can deliver a weapon a long distance; it provides air cover; and it has diplomatic presence—but on its own it is a very vulnerable piece of equipment, because it needs anti-submarine defence, air-defence, Royal Fleet Auxiliary Service support, and airborne early-warning systems. Can he assure me that his plans for the Royal Navy will provide enough equipment to sustain a carrier on-station in sequence with the one that is off-station?

Mr. Hutton: Yes, that is our intention.

Richard Ottaway: Without sacrificing any other operational commitments?

Mr. Hutton: There is precious little point building two very expensive carriers if we are not able properly to defend and secure those assets. We have some very capable new ships coming into the Royal Navy; the new Type 45 destroyers are a superb addition to the fleet. We will need the Astute submarines to be able to be deployed, and our intention, as people in this place and my constituents know, is to build seven of them—that remains our plan. We will ensure that the assets to which we are committing are properly secured and defended.

Andrew Mackinlay (Thurrock) (Lab): In my recent discussions with a senior officer, the criticism I heard was not of the quality of equipment in the field; it was that there was insufficient equipment of that quality that people could be trained on back home—that was the big deficiency. He said that troops go from being Robocop to being yeomen of the guard when they return. Many hon. Members are concerned that although we have some state-of-the-art equipment, which we welcome, it is insufficient, particularly in terms of preparation, training and replacement.

Mr. Hutton: I agree absolutely with my hon. Friend about that. There is no point soldiers, sailors and airmen going out to theatre and coming across equipment that they have not met before, because that poses a risk to them and to the operations. We know from previous boards of inquiry and from some of the coroners' reports that the Ministry has been heavily criticised in this area. Part of the additional resources that my right hon. Friend the Prime Minister announced yesterday will go towards improving the training fleet for these vehicles, because it is essential that the guys are familiar with this kit. It is designed for their safety and protection, and it cannot undermine that, so we are putting in significantly more assets—I believe that about 30 of the new Cougar vehicles are going into the training fleet—to achieve precisely that.

Mr. Ellwood: May I follow on from the pertinent question posed by my hon. Friend the Member for Croydon, South (Richard Ottaway)? The whole point of aircraft carriers is their ability to protect themselves. We have removed the Sea Harriers, which had the ability to go up in the air and see over the horizon with their radar. Could the Secretary of State bring us up to date with what is happening on the joint strike fighter? Conservative Members feel that we will have these grand aircraft carriers, but there will be no aircraft suitable to fly on them.

Mr. Hutton: As the hon. Gentleman can imagine, this matter is being addressed in the corridors of the Ministry of Defence as we speak. There are a number of options, including retaining the Harriers for longer periods. Again, I do not want to make the obvious layman's point, but if we are going to spend £4 billion on two new aircraft carriers, we must have some proper aircraft to fly from them. There would be no point in deploying the ships, even if we could properly protect them—and we will be able to do so—if they are not able to deploy on operations because there is no kit to fly from them. I assure him that when these carriers go to sea, they will be properly equipped and fully resourced.

Any idea that UK troops on operations are under-equipped is out-of-date, ill-informed and inaccurate. May I turn to the challenge of building for the future?

We cannot build for the future unless defence is well funded. Operations in Kosovo, Sierra Leone, Iraq and Afghanistan have borne out the strategic defence review's vision of a flexible, agile, expeditionary force structure, and we will continue on that transformational path. At the same time, the continuance of our nuclear deterrent will remain a fundamental part of Britain's defence policy, with a new generation of submarines to replace the Vanguard class—designed and built, with pride, in my constituency—in the years ahead.

Since the comprehensive spending review, the defence budget will benefit from average annual real growth of more than 1.5 per cent. By 2010-11, the defence budget will be £3 billion higher in real terms than it was in 1997. That contrasts with the fact that defence spending fell in each year of the previous Conservative Government. In addition to the CSR settlement, some £9.5 billion has been provided from the Treasury reserve to meet the additional costs of operations in Iraq and Afghanistan since 2001. Like every other Department, the Ministry of Defence needs to live within its means.

Bob Russell (Colchester) (LD): The Department's living within its means is good, but how much of that additional money will go towards modernising the married family accommodation? In many cases, that accommodation is woeful and does not help with the retention of experienced, skilled military personnel. We must bear in mind that we are already short of soldiers.

Mr. Hutton: I think that the figure is about £8 billion for the modernisation of the defence estate, including the family and single living accommodation. That is a significant investment in the quality of the accommodation that we provide for our service personnel, and I saw evidence of that when I was in Faslane a couple of weeks ago. I know that the hon. Gentleman is worried about Colchester, but investment will also be made there. We are determined to see a step change in the standard of accommodation, and we are making pretty good progress.

[Mr. Hutton]

Hon. Members will be aware that in recent months the MOD has been examining its equipment programme. That work is continuing. My aim is to ensure that we bear down on costs where we can; drive up value for money wherever possible; maintain the principles set out in the defence industrial strategy; and prioritise spending within the objectives of the defence policy that I have set out today. I hope to be in a position soon to make further announcements on procurement.

The contribution of defence spending to the economic health and vibrancy of many parts of the country is significant. Defence manufacturing, research, science and technology support more than 300,000 jobs in the UK, many of them high-value, high-skilled jobs. There continue to be significant export opportunities for UK companies overseas and, as Secretary of State for Defence, I intend to give full and active support to UK companies in accessing those markets.

Resourcing and equipping our armed forces are two key pillars of building for the future. But there is no security for the UK in isolationism—in pulling up the drawbridge and hoping that our enemies will stop at our front door, because they will not. We need strong bilateral and multilateral relationships to advance our essential security interests. Through NATO we have taken a collective approach to defence, providing the bedrock of our security for nearly two generations. NATO's operations in Afghanistan and Kosovo, and the vital role it plays in security sector reform, show how far it rightly continues to underpin our security. I especially welcome President Sarkozy's commitment for France to join NATO's command structure.

It is also self-evident that change is needed within NATO itself. It is still coming to terms with the reality of its role in a post-cold war world. At Budapest, I shared the frustration of those who wished to see more rapid progress in several areas. We must reduce the level and scale of its bureaucracy. NATO is still over-reliant on countries such as the US and UK to do most of the heavy lifting in operational theatres. Collective security does not mean guarding one's own garden gate and leaving a disproportionate burden on others to do everything else. Just as we are rightly debating the effectiveness of multinational financial institutions to cope with the reality of today's economic crisis, we should be asking whether our multinational security institutions are properly structured and equipped to deal with the challenges of modern times.

NATO alone will not always be the most appropriate vehicle through which to secure our national interest. Front and centre of UK defence policy will continue to be our deep and enduring relationship with the United States. That relationship is unlike any other. But, as I have already made clear, we should be pragmatic not ideological about the role our European partners can play in promoting UK security interests. We have moved on from a world in which we saw a zero-sum impact between the strength of our European partnerships and the effectiveness of NATO.

I believe that 2009 will be both a real test and a great opportunity for the reform of those multilateral security institutions. Whoever wins the US presidential election next week will, I believe, be keen to promote stronger and deeper multilateral relationships in defence of common interests. There could well be a strong momentum for reform and I want the UK to be leading that debate.

I have set out this afternoon the key tenets of our defence policy—delivering operational success, readiness for new tasks and building for the future. By delivering against all three objectives, we will ensure that the UK remains as secure from external threats and protective of our interests overseas as it can be. To achieve that, we rely today, as we have always done, on the extraordinary, brave men and women of the armed forces and the civilians who support them in theatre. Those who implement defence policies have a far more dangerous and difficult task than those who make and scrutinise them. So let all of us in this place put aside all other loyalties and unite in giving them the support and praise that they so richly deserve.

2.24 pm

Dr. Liam Fox (Woodspring) (Con): May I begin by associating the Opposition with the tributes paid by the Secretary of State to all the men and women in the armed forces, their families and all the civilian bodies who make sacrifices at all times for our security? As this is the first time that we have faced each other at the Dispatch Box, I also welcome him to his new position. I worked with him—or against him, depending on one's interpretation—when he was at the Department of Health, and he always brings great intellectual effort to his portfolio. He arrives at the Ministry of Defence at a difficult time, but he will find that defence policy is much more bipartisan than health policy. The objections that the Opposition raise to policies are about implementation and detail, rather than broad strategic interests.

I also wish to pay tribute to the Secretary of State's predecessor, the right hon. Member for Kilmarnock and Loudoun (Des Browne). He was open with information and always willing to share it with the Opposition. He gave us great access to all parts of the MOD and other bodies, and I regard him as a personal friend as well as a colleague. He is a man of great integrity and I hope that, should he so wish, he will return to the Front Bench.

The Secretary of State spoke about the budget and the need to match resources and commitments. He takes over the Ministry at a time of severe pressures on the core budget, and we are all aware of reports and studies by the Defence Committee and others about unfunded liabilities. We still have the problem that we are using the defence planning assumptions of 1998, planning for a tempo that does not take fully into account what has happened in Iraq and Afghanistan. Some will argue that the urgent operational requirements have been over-used. They were useful for getting what we wanted when we wanted it, but at the cost of stability and predictability in long-term procurement.

The right hon. Gentleman also inherits problems such as the deal between the Treasury and the MOD that all UOR costs above £900 million a year would be refunded 50 per cent. by the MOD, which has resulted in a £400 million cut in its core budget capabilities this year, and the cut of £1.4 billion in the future rotorcraft capability budget in 2004, which has led to a chronic under-availability of helicopters. As the hon. Member for Thurrock (Andrew Mackinlay) said, there is also a shortage of equipment for training before deployment.

which is one of the biggest complaints we now get from soldiers in theatre. To be fair, I have to say that when I ask soldiers on the front line whether they have problems with personal kit, the answer has changed substantially—as the Secretary of State said—even in the past couple of years. We welcome that, but the chronic under-availability of airlift capacity needs to be urgently addressed.

The Secretary of State mentioned the role of NATO. We need to examine in some detail that role, the contribution of NATO members, which he mentioned, and the relative roles of the EU and NATO. The role of NATO was easily defined, politically and militarily, in the cold war. Its purpose was to stop the spread of communism in Europe and, if necessary, to stop the Soviet Union physically. It has become less clear in recent years exactly what the political and military roles of NATO are. There are those who talk about a greater need for out-of-area operational capability and those who still talk about the primary role of defence of the European continent. We must make it very clear that it is not a choice between those roles. We need both those capabilities, especially in a globalised economy where our interests can be threatened in many more places and by many more actors than they would have been in the past. Politicians cannot simply have the upside of globalisation without dealing with the downside, which is the unavoidable importation of strategic risk.

We in the House need a clear, bipartisan view that speaks for this country in the international field about the need for NATO to be able to respond to all the types of threats that this country can face. We have a problem, however, with the level of commitment of some NATO members. Only six out of 26 make the 2 per cent. of GDP contribution to the defence budget that they are supposed to make. That is woefully inadequate and deprives NATO, as a whole, of a huge amount of resources. There are too many caveats, too many restrictions and too little political will even to use the resources that are available. Not only is that a weakness for NATO, but it adds a disproportionate burden on those countries—such as the United Kingdom, the United States, Canada and the Netherlands—that are willing to do the fighting.

The Secretary of State pointed out that we were doing too much of the funding; we are also doing too much of the dying compared to other countries that should be carrying a bigger share of the collective responsibility they are supposed to have as members of the alliance. The message must be clear: "Do not join NATO if you simply want to be a peacekeeper or if you want to get defence on the cheap." Membership implies financial responsibility—it is not possible to get an insurance policy without paying the premiums—and military responsibility, as well as a willingness to respond to the article 5 responsibilities and commitments if required.

It would be nice if it was possible to make the choice to be simply a peacekeeper, but a peacekeeper can work only if there is a peace to be kept. Sometimes, peace has to be fought for and, sometimes, it has to be died for. That is a message that we should send at all times to our allies.

Mr. Jenkins: Would the hon. Gentleman please distinguish between the military leaders and the political leaders across those 26 states? We have found that it is not that their militaries lack resolve, but that their politicians lack the will.

Dr. Fox: Indeed, I just said that there was a lack of political will even to use the assets when they are available. Those serving in the armed forces of other countries joined their armed forces to be a part of a defensive fighting force, if necessary, and I think that they find it just as frustrating as we do to be tied with red tape, caveats and restrictions by their respective Governments. I hope that the debate in those countries will be a vigorous one.

What should the roles of NATO and the EU be, in that case? If the EU is to have a constructive role, it needs to do what NATO cannot or does not do. The Opposition have always been happy with the EU acting as a delivery mechanism of NATO policy, especially in areas such as security sector reform, the rule of law missions and so on—areas where NATO has never been very well configured. There is certainly room for greater bilateral co-operation.

I echo what the Secretary of State said about what is happening in France. I know that many people are sceptical about the motives of President Sarkozy, but we need to recognise that we must seize the moment. We have been encouraging France for a long time to return to the integrated command structure, to have a rapprochement with the US and to become much more involved in future planning. If we now say, "Well, it's not real," we are in danger of failing to recognise that this is a potentially important time. We need to welcome the move, because if the moment is lost it might be some time before it comes back. Proof of that fact, if proof were required, can be found in the French defence White Paper, which saw a fundamental reshaping of French forces along lines much closer to the sort of expeditionary capability that we have long encouraged them to try to have.

There are positive developments along those lines. But—there has to be a "but"—a greater role for the EU in soft power cannot be used as an excuse to avoid basic NATO military obligations. Frankly, the duplication of NATO structures—double-hatting—does not improve increased capability. Action needs assets and we cannot have competition for scarce resources. In the US in particular, we hear politicians saying that Europe must do more for its own defence and for the defence of the alliance. I think that most of us would echo that. It cannot just be a short-term pragmatic approach; the structural relationship between NATO and the EU needs to be properly thought out.

Let me give a single example. Piracy is a major scourge of our sea lanes. Combined Task Force 150, which is part of Operation Enduring Freedom, is off the horn of Africa with 14 or 15 ships. It is working under the US fifth fleet. NATO is there with Standing NATO Maritime Group 2; that is another seven ships or so. Now we are to have an EU mission. Why? Other than flying the EU flag, what can that achieve that we could not achieve by augmenting one of the two existing missions? What will the command relationship be? Who is in charge of the area of operations? When we asked those questions, we were told that there would be close co-operation, but that is not really a sufficient answer. We need to know why the EU felt it necessary to become involved in something that was already being done by United States and NATO missions. We are not getting particularly good answers.

John Smith (Vale of Glamorgan) (Lab): I am listening carefully to the hon. Gentleman, and I remind him of what he said about political will. Does it matter where the political will of our European allies comes from, as long as they deliver the capability? The operation may offer them a way to do that.

Dr. Fox: It does none of us any good to duplicate command structures and effort. If such missions already exist, we would do better to augment them than to set up a separate mission. One has to ask what the primary motivation is. Is it providing capability for the mission, or is it having a separate political identity?

Mr. Ellwood: My hon. Friend is making a very important point. There are two military missions in Darfur: an EU military mission and, just down the road from it, a NATO mission. Both have about a dozen British soldiers. It can be very confusing for those in uniform to understand exactly who they are supposed to be working for, and who is involved in the operations with them. That was emphasised in Bosnia. When I was serving there, we were delighted to get rid of our UN uniform and go back to NATO: we firmly understood where we were and who the orders came from.

Dr. Fox: It is entirely possible for EU missions to complement what we are doing in NATO, if those missions do things that NATO does not. The trouble arises if the missions become competitive; that is my point about the missions in the horn of Africa. At a time of scarce resources, we in the west should not waste resources by duplicating effort.

The Secretary of State sensationally appeared on the front pages at the weekend, when there were reports of his support for an EU army. Of course, that was enthusiastically welcomed in the Brussels press. It is important for us to say what we think the appropriate relationship is. We believe that our defence relationship with our partners in the European Union should be intergovernmental, not supranational. Permanent, structured co-operation can easily become the precursor to a standing EU force. The European Defence Agency could easily become the precursor to a single procurement body. Under the Lisbon treaty, the European Commission will have a role in the EDA. The high representative for the common foreign and security policy will be vice-president of the Commission and head of the EDA, and that brings in an element of supranationalism that was not there before. The high representative will have a role of initiative in military operations, and we simply do not find that an acceptable way forward for the United Kingdom's defence relationships. It is not pathetic to oppose that; we believe that it is our duty to do so.

Mr. Hutton: I was not going to interrupt the hon. Gentleman, but he made me do so. As I am sure he will know, the headline in *The Daily Telegraph* was not exactly the headline that I aimed to create. Let me make it absolutely clear that I am not in favour of anything being done, anywhere and at any time, that undermines or compromises our commitments to NATO and our special relationship with the United States. It is not my view that that was accurately reported. I know that the hon. Gentleman has firm views about everything European, and we have had a taste of that today, but he can afford to be less paranoid about some of these issues.

May I pick up on one of the hon. Gentleman's points about Somalia? He referred to Combined Task Force 150, which is, as he knows, an Operation Enduring Freedom deployment. He will know that many NATO allies will not, given the context, have their forces serving alongside it. The European security and defence policy anti-piracy mission to Somalia is exactly the sort of example he was looking for. It is a complementary deployment that will boost the effectiveness of the anti-piracy operation in the horn of Africa, not undermine it. I hope that he will have another look at that.

Dr. Fox: The point I was making was that we already have a NATO mission there anyway, so what does the EU bring to that area that NATO cannot? I understand that the headline was not what the Secretary of State intended, but he knows that any term used in relation to the European Union and defence is heavily loaded with all sorts of hidden meanings, and no doubt he will be well into that debate as we move forward.

The Secretary of State concentrated on Afghanistan for the bulk of his speech and, clearly, that is the top priority for NATO at present. He correctly reiterated the main reasons for our being there, the first of which is our national security. It is often forgotten in the debate about Afghanistan that we are there primarily for our own safety. *[Interruption.]* I am well aware that that is what the Secretary of State said, as the Under-Secretary, the hon. Member for Grantham and Stamford (Mr. Davies), says. I can hear and I can understand the Secretary of State's comments. As I was saying, the fact that we are there primarily for reasons of our national security is important and we must reiterate it at every point, because sometimes the debate about Afghanistan is lost in the language of reconstruction.

Reconstruction is very important in our ability to create a stable state, which is part of our long-term plan, but we also need to remember that success in Afghanistan is important for both the cohesion and credibility of NATO in the longer term. If we fail in Afghanistan, what credibility do we have elsewhere? It is perhaps an existential mission for Afghanistan but, notwithstanding our military capabilities, there is a danger of the broader operation in Afghanistan becoming a shambles, with everyone and no one in charge.

I was recently asked about the strategy in Afghanistan, and I was moved to ask, "Which strategy?" Was it the UN strategy, the NATO strategy, the American strategy, the Afghan Government strategy or the reconstruction strategy? All too many strategies seem to be going on at the same time, and all too few are properly integrated. As has been said recently, it is certainly true that we cannot have a purely military victory in Afghanistan, but we can have a purely military defeat, if we are not careful and we do not have the appropriate commitments. We need to be clear about how we will ultimately make the transition from a largely military operation to what will ultimately be a civilian mission over a longer time scale.

Harry Cohen: I draw the hon. Gentleman's attention to an article in *The Sunday Times* on 12 October by Christina Lamb, an embedded reporter in Afghanistan, in which she refers to having dinner with Brigadier Carleton-Smith who told her

"we should stop thinking in terms of defeat and victory. We need to lower our expectations...We're not going to win this war; it's

about reducing it to a manageable level of insurgency that's not a strategic threat and can be managed by the Afghan army."

He went on to refer to

"trying to achieve a political settlement that might well involve giving some power to the Taliban."

Does the hon. Gentleman agree with that approach?

Dr. Fox: Not as it is put there, although there are some elements of truth that both the Secretary of State in what he said and I in what I am about to say would take from that.

There has been much discussion about the parallels between what recently happened in Iraq and what is happening in Afghanistan. However, the differences are that, first, in Iraq we were talking about reconstruction, while in Afghanistan we are talking about construction. There is very little to reconstruct in Afghanistan, and that makes a big difference. There is a substantial middle class in Iraq, which does not exist in Afghanistan, and, again, that will take a long time to develop. Clearly there are political elements that need to come into play before we can talk about a mission being completed or a victory, but we must accept that were we not to have a military presence there, we could go back to handing over a space to those who are fundamentally opposed to our national interest. That would be quite unacceptable, not least given the sacrifices that our service personnel, our allied service personnel and our taxpayers have made so far in Afghanistan.

Many people have talked about the surge in Iraq and whether that could be applied to Afghanistan. We must be careful about this, because in Iraq there was a genuine political purpose behind the surge. General Petraeus saw putting extra troops on the ground as a way of supporting a political impetus, which was to separate out the reconcilable and the irreconcilable—the point that was being made about those who could be brought into the process; a point that the Secretary of State made. What would be the purpose of such a move in Afghanistan at present? We are not at the same juncture; simply putting more troops on the ground would risk inflaming the insurgency without our having anything specific to support. As Frederick Kagan, a senior fellow at the American Enterprise institute and the architect of the Iraqi surge, said, Afghanistan is not Iraq and we cannot just template Iraq's solutions on to Afghanistan's problems. We need to understand that.

For example, Afghanistan has 10 major ethnic groups; there are only two in Iraq. A major part of the Iraqi surge was the creation of the conditions for the Sunni awakening, and the structure and beliefs of Iraq's tribal system allowed that to occur. However, it is very unlikely that pashtunwali, the Pashtun tribal code of honour, would allow that to happen easily in Afghanistan. In the House and outside, we have to be wary about simplistic solutions that apply what happened in one place to another; there is no guarantee that they would necessarily succeed.

If we are to be successful in Afghanistan, we need a clearly defined end state, which we have not had until now. We need realistic benchmarks so that we do not fool ourselves into believing that we are making progress when we are not. The recent National Audit Office report into the Department for International Development was a shot of reality in respect of what has happened there. Above all else, we need realistic expectations. Pretending that we can achieve things quickly does no good to the political case of those of us who believe in our engagement in Afghanistan, and it does no good to the morale of our forces or to public support in this country or those of our allies. Afghanistan is not Iraq; it is about construction, not reconstruction, and that will take time. Noble purposes are all very well, but they have to be allied to realistic time scales. If they are not, things become unsatisfactory and unhelpful.

Mr. Richard Benyon (Newbury) (Con): Does my hon. Friend not feel that, in respect of what was said previously, we need to educate people about a counter-insurgency war such as that in Afghanistan? Such battles are not won as they were in the Falklands, as people who read the media often think. We win one victory when we get a turbine into the Kajaki dam and another when that is connected to 2 million homes. We need to inform people about what we are trying to achieve and to be able to measure that.

Dr. Fox: Indeed; my hon. Friend is exactly correct. Having clearly definable benchmarks is essential to show what progress we are making. There are too many simplifications. People mention "talking to the Taliban", but who do they think the Taliban are—a club with a membership? They are a changing number of people who will move around the border and change allegiances and sides at different times. We have to be realistic about what we are dealing with. If any country should understand from its own history that we have to work with what we get, not what we want, if our mission is to succeed, it should be the United Kingdom. We need to consider that.

We have seen success elsewhere. Like the Secretary of State, I have recently returned from Iraq. I wandered around the centre of Basra without body armour or a helmet. We were held up as we approached the city because so many people were going shopping with their families that there was a traffic jam. Such a scene would have been unthinkable a relatively short time ago. It is possible to bring change. All those who were against the intervention in Iraq might want to go to Basra and see what difference that intervention has made. People there now not only have a say in determining the future of their own country and taking control of their own destiny, but live in an infinitely improved security environment. They do not even talk about security as one of the issues; they talk about employment, electricity and water because the terms of debate have fundamentally changed as a consequence of military action. We should remember that whatever people say about more recent events in Basra, the commitment of our armed forces to the coalition of the willing in Iraq has made a change for people in that country. Once in a while, I would like those who were against the war in Iraq to recognise that some good things have now come out of it for the ordinary people there, rather than only wanting to see the downside.

Clearly, our mission in Iraq is changing. During my last visit, I spoke to General Mohammed as well as political figures. The general made it clear that the British period of military operations is coming to an end and that it is time for our troops to come home

[Dr. Fox]

whenever that is possible. I still think that it would be a profound mistake to produce a timetable for the withdrawal of our troops from Iraq, but we can now clearly see that it is going to happen sooner rather than later. It will depend on conditions on the ground and, to some extent, on the incoming American Administration. It is possible that the current overstretch might be diminished, at least in some small way, but that will depend on what decision the Government take on future deployments to Afghanistan.

The Iraqi people find themselves, at least in one respect, more fortunate than ourselves, in that their Government have a fiscal surplus of some $72 billion this year, predicted to be $90 billion next year. It is astonishing that there is no representative from the Department for Business, Enterprise and Regulatory Reform in Baghdad, because contracts for reconstruction are being, and will be, picked up by the Americans, the Germans, the French and the Russians. Given our commitment to Iraq, it would be unthinkable were we not to have appropriate representation in Baghdad to ensure that British companies get their fair share of the reconstruction contracts. *[Interruption.]* A personal visit from the Secretary of State might indeed be welcomed on both sides of the geographical divide.

One thing that the Secretary of State did not mention—I hope that the Minister will do so when he winds up—was what has happened with Russia. Since our most recent defence debates, we have seen the events in Georgia, where Russian intentions may not be benign, to put it mildly. Russian forces inside the sovereign territory of Georgia could now cut off Caspian oil and gas supplies to the west within hours. We know about Russia's $208 billion dollar military build-up, paid for under the stabilisation fund, and its apparent intentions in the Baltic, the Mediterranean and the Arctic. In a defence debate of this nature, we should hear about how the Government perceive what may be an increasing threat from Russia.

Andrew Mackinlay: This is in no way to agree with the conduct of Russia, but some of us were bewildered in the summer by the cosy consensus between the Government and the Opposition in persisting with the concept that Georgia could come into NATO without that prejudicing article 5 of the NATO treaty. It seems ludicrous, in terms of our defence, that the Opposition and the Government persist in the idea that that is tenable while maintaining the credibility of article 5, which has been so important to us since the 1940s, and the full protection offered by it. It would devalue that commitment, and we would pay a heavy price if we allowed Georgia to join NATO under those circumstances.

Dr. Fox: Entry into NATO has to be agreed by both parties—those who are already in NATO have to give the security guarantee and the incoming country has to fulfil certain legal obligations, not least that any territorial disputes must be resolved. Georgia's entry into NATO would affect how Georgia operates in the region. Membership of NATO does not come automatically—it must be earned. That seems to have been forgotten at the present time.

I want to end with some questions for the Minister about personnel. None of what we have discussed is possible without the brave men and women who make up our armed forces. I thank my friends, Freddie Forsyth, Simon Weston and those who took part in the Conservative party's military covenant commission. I should like to raise three issues of some urgency. The first concerns decompression. The target is that those coming out of theatre should get up to two weeks' decompression time among their colleagues to deal with the consequences of stress and combat before returning to bases in the United Kingdom or back to civilian life if they are in the Territorial Army. I was surprised to discover that civil servants in the Foreign and Commonwealth Office who spend time in Iraq get a compulsory two weeks' decompression out of theatre every seven weeks. We are lucky if some of our soldiers are getting much more than 48 hours decompression after a six-month tour. That is not to say that the FCO civil servants are treated wrongly, but it provides some clarity about why there is so much unhappiness about the issue. It is important to talk about decompression because more evidence is emerging about the possible development of long-term problems associated with post-traumatic stress disorder. Decompression is an essential means of reducing the temperature for those who have been in theatre. If they are being short-changed for operational reasons, that is not acceptable. We may pay a high, long-term price for what are very small short-term gains. I am sure that the whole House shares my concerns, and I hope that we can have an immediate review of the time given for decompression.

Secondly, the air bridge is a continuing problem that saps morale. We need urgent action and if we cannot have sufficiently robust RAF aircraft to carry out such duties effectively, the Government have a duty to ensure that we get them from somewhere. It is quite unacceptable for servicemen and women to be left for long periods waiting on their leave to return to the United Kingdom.

The third issue is the one highlighted in the press today: hearing loss. I was not going to raise the issue until I saw what the Ministry of Defence had said. Clearly, too many servicemen and women are already not fit for service. If we have a 10 per cent. recorded level of hearing loss that is judged to be moderate to severe, which will prevent personnel from serving in the future, that is a big problem. I would like that matter to be looked at urgently. I regret the statement from the MOD, which stated that

"the majority of hearing impairment cases cannot be directly attributed to deployment".

It sounds like a classic washing of the hands, and it is not sufficient.

Finally, we have talked a lot about our servicemen and women and civilian groups that support them. There is one other group to remember, however, which is our charitable sector. There are many in this country who say, "These things should not be left to charities; the Government should deal with them." I happen to believe that the charitable sector is extraordinarily important because it reminds citizens of their responsibilities to other citizens and does not allow people to abdicate their responsibility on to the state. Help for Heroes, Combat Stress and so many other charities are doing invaluable work, and are thanked too seldom in this country for what they do. The armed forces, families

and charities all enable us to have and support the finest services in the world, and at this time of year more than at any other, we should thank them.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. May I remind all hon. Members that Mr. Speaker has imposed a 12-minute limit on Back-Bench contributions?

2.57 pm

Andrew Mackinlay (Thurrock) (Lab): I will be swift in view of the time restrictions, but I would like to raise one point of a historic nature before I move on to Helmand and other contemporary issues.

I have to express some disappointment that the Government did not do more to commemorate the 90th anniversary of the first world war armistice. In the short period that he has held his post, the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), who has responsibility for veterans, has gone to enormous lengths to remedy that omission, and there is to be a ceremony on 11 November at the Cenotaph. I welcome that, and I congratulate him.

However, as I pointed out when I raised this matter a year and a quarter ago, it is not just about commemoration—other things flow from it. We can remind young people about the important and seminal nature of the world war one conflict: how we went to war with cavalry and emerged with weapons of mass destruction, and how the first, embryonic international courts of justice were established to deal with war crimes, such as the trials in Leipzig. We can remind them of women's suffrage and all the social change that took place. It has been a great missed opportunity. I want to acknowledge the Under-Secretary's initiative and applaud it, but I am disappointed that we did not seize the opportunity, particularly as we want to tell youngsters how important it was and what our armed forces were committed to. Although that war was prosecuted in a sloppy manner by some, the principle on which the UK went into that conflict, and the reason why Sir Edward Grey stood at the Dispatch Box, was a matter of international law. We tend to forget that. The UK got into world war one on a matter of important principle. Its prosecution by generals and others might not have been satisfactory—the carnage was appalling—but the principle was right and the United Kingdom should be proud.

Events such as commemorations help recruitment. They encourage people to think about the armed forces as a career, and we need to do much more about that. I am told—perhaps the Minister will correct me—that 10 per cent. of our Army recruits are from overseas. All are welcome—many of those men and women are most dedicated—but there comes a point when it is neither comfortable nor healthy for a disproportionate number of recruits to come from overseas. A few years ago, I think that the figure was 3 per cent.—there is no sign of the trend abating or reducing. Things that encourage our best young people to join the armed forces should be fostered. I mentioned the loss of the opportunity of commemorating the 90th anniversary of the armistice, but many other events are important.

In the United States, there is pride in uniform. I appreciate that we now encourage our armed forces to wear uniform whenever possible, and I understand why that did not happen in the past 20 years for reasons of combating terrorism, but we need to do far more. In a future debate, perhaps we could consider not merely using our reserve armed forces as ways of filling gaps or of simply bringing in special skills—although that is important—but moving them as units into conflict or peacekeeping situations.

I am proud to have 400 Nepalese Gurkha families in my constituency and I am totally bewildered by the Government's continued stance towards them. Although the matter may be for a Home Office Minister, I believe that the Defence Secretary has an enduring pastoral role to play for those families. I therefore urge him to resolve the problem. The British Government have lost in the courts and public opinion is with the Gurkhas. It is a matter of justice and it is also popular, and I cannot understand why the Government cannot get their head round it. They would be applauded rather than criticised if they acknowledged those people's right to have citizenship here and so on. I ask the Secretary of State to take the matter up with the various relevant Ministers.

Thurrock RAF Association has made representations to me that it is worried about some impediment to getting parcels to our troops in Iraq and Afghanistan. Perhaps the Secretary of State or the Minister who responds to the debate can clarify the procedures and protocols, because I understand that they have received representations from RAFA criticising the arrangements and I would like to be able to reassure people that there are no such impediments.

Bob Russell: The most important thing is ensuring that parcels from families get through as a priority. If too many people show good will, especially at this time of year, many of our service personnel in Afghanistan and Iraq will not get the family parcels. We need to be careful.

Andrew Mackinlay: I am obliged to the hon. Gentleman. I asked Ministers, in fairly temperate terms, to clarify the position so that we can reassure people or explain the problems. If there are impediments, can they be overcome?

I will talk about Afghanistan and Helmand province shortly. I know that other hon. Members have experienced the sadness of having to attend a constituent's funeral. Recently I attended the funeral of constituent Nicky Mason of 2 Para, and I want to acknowledge his bravery in the field. He was highly regarded by his fellow soldiers and popular in the community of Aveley. We salute him today. We hope that his sacrifice and that of his colleagues has not been in vain and will produce a better political climate in the region.

The funeral brought home to me my obligations as a Member of Parliament. I say that because I cannot help but feel that a little while ago we as a Parliament failed in our duty. I remember when our green screens said that there was a statement by the Secretary of State for Defence and we came into the Chamber to hear it. I must admit that Helmand was not really on my radar screen, but we were told that we were committing our armed forces to that region. We can say with some pride that the United Kingdom stepped up to the plate in Helmand, but at the time none of us fully envisaged either the scale of the commitment that we were making or the absence of support from other countries. That troubles me a great deal.

[Andrew Mackinlay]

This week I asked the Secretary of State in a parliamentary question to indicate which of the 13 districts in Helmand province were under the control of the international forces or the Afghan army. His reply was that we had "presence" in a number of districts, but that was not the question that I asked. I asked which districts we controlled. Sometimes we need to be told the naked truth. The Government have a duty to tell us as a Parliament precisely, as of this afternoon, what we control and what "control" constitutes. Does control of a district mean a flag and a policeman in one of those fort-like places or does it mean something better than that? Some people are not prepared to ask difficult questions, so I repeat my questions to the Secretary of State: what districts do we control, which do the Taliban control and which are indeterminate, and what constitutes "control"?

Harry Cohen: Some of us think that efforts should be made to reach a political solution. There were rumours that the British were talking to some of the insurgent leaders, but that they had their knuckles wrapped by the Americans for doing so. We know that King Abdullah of Saudi Arabia has tried to start political talks, but we heard nothing from the Secretary of State about that process. Should something not have been reported to the House?

Andrew Mackinlay: In fairness to the Secretary of State, that is a matter of foreign policy. However, we are entitled to know in a defence debate what the military situation is. I fully acknowledge that in large tracts of Afghanistan there is relative stability and normal life—to the extent that there is normal life in that part of the world. However, I am deliberately referring to Helmand province, which is a large territory where the United Kingdom has stepped up to the plate, almost alone it would seem. That is why I feel an obligation as a Member of Parliament to probe on the issue. I am sure that everyone acknowledges that we need some political initiatives in our overall policy towards Afghanistan. Indeed, both the Government and the Opposition have acknowledged that, as do I. I also acknowledge some success in the country as a whole, but Helmand is costing our servicemen and women's lives. Therefore, we have a special obligation.

Reference has been made to NATO. One problem is that UK industry has tried—and to some extent succeeded—persuading the emerging democracies of central Europe that have joined NATO to re-equip their air forces with planes that we wish to sell to them, for perfectly legitimate commercial reasons. However, given those countries' contributions to NATO, they do not need super-duper air forces. Their best contribution could be made by providing some more heavy lift and so on. We need to discuss in the coming period how NATO can have true interoperability and how people can make a real contribution to the alliance, rather than going for a national status symbol. I understand the significance of air forces, but we have tried persuading those countries—and to some extent we have succeeded—to kit themselves out with fighters and other sophisticated and expensive equipment, which frankly do not add to NATO's clout or influence in the world.

Finally, the Opposition spokesman referred to piracy around the world. I am concerned that, for example, in the Turks and Caicos Islands, which is an overseas territory, there is an acute problem of people smuggling and refugees, mainly from Haiti. That island Government do not have the resources to control or to police that problem, yet the Royal Navy does not have a permanent presence there. I would have thought that protecting our overseas territories would be core business for our armed forces. We also have an obligation to the population of those territories. Also, out of naked self-interest, we do not want such a burden to emerge in these small territories, because we will eventually have to absorb the resulting illegal immigrants and refugees. I realise that there is a problem of resources, but it should be part of our core business to protect and promote small overseas territories, particularly in relation to illegal smuggling of people, refugees and so on.

I am pleased to have had this opportunity to rehearse these points in the House today. As all other Members have done, I congratulate our armed forces personnel on their dedication, on the courage that they demonstrate and on the skills that they bring to bear in very testing circumstances. I salute them. We, as a Parliament, owe it to them to be more probing into whether we are succeeding. We might not like to hear the news, but if we are not succeeding due to certain deficiencies, it is down to us to vote the moneys and the resources to ensure that those people are fully equipped.

3.11 pm

Nick Harvey (North Devon) (LD): I start by echoing the words of tribute to the men and women of our armed services at every level, on the front line and at home, and to those who help and support them, those who equip and supply them, and those who look after them when they come back. In particular, I pay tribute to the constituents of my hon. Friend the Member for Colchester (Bob Russell), who have just returned from a gruelling tour of duty in Afghanistan, and to my own constituents, the marines and engineers who have gone out there to take over from them. We should all be very proud of what they are doing, often in very difficult circumstances.

I should also like to welcome the new Secretary of State to his new responsibilities. Like the hon. Member for Woodspring (Dr. Fox), I recall shadowing him in his health role some years ago. I was rather surprised when the hon. Member for Woodspring suggested that he expected to find a more bipartisan atmosphere in our debates from now on, but he then went on to surprise me, because I found myself agreeing with much more of his speech than I usually do. It was one of the best speeches he has made on defence. Perhaps I was wrong to think that we would not find bipartisan support for a number of things, because, in fact, we are doing so.

I also pay tribute to the Secretary of State's predecessor. I entirely agree that he was a straight and decent man, who did a difficult job in very trying circumstances. Rumours have been circulating all year that, when a reshuffle came, he wanted to divest himself of his responsibilities. I have no idea whether that is true, but I think that he can look back at the time he spent as Defence Secretary with pride and satisfaction.

For five years, defence policy has been focused on, and to a great extent overshadowed by, our intervention in Iraq. Sometimes to the detriment of our forces, our capabilities and our wider operations, the Government have remained somewhat too steadfast—to my taste—in their involvement in that country. That has had a considerable cost. During the time of our involvement there, we have lost the confidence of many allies and friends around the world, and diverted our attention away from the real problems, not least those in Afghanistan, which predated our involvement in Iraq.

We now have a new Secretary of State in charge, however, and I very much welcome what he said at the weekend, and again in our debate today, about the drawing down of our forces in the region. It may be that our time there is drawing to an end, and if so, I welcome that very much. I know that our troops are currently involved in training the 14th division of the Iraqi army. The previous Secretary of State said in an answer in early September—I think that the new Secretary of State has more or less confirmed this today—that this will be completed early next year. I gather that we are also anticipating handing over the Basra air base by the end of this year.

I very much hope that we can assume that we are coming to the end of our significant engagement and that we have not been given yet another elastic deadline. Questions need to be answered about the draw-down to what I understand will be a few hundred troops remaining. I am particularly keen to understand where they will be and how they will be protected. The Minister of State was asked in the Select Committee on Defence about the minimum scale of forces that are capable of protecting themselves. If we are talking about drawing down to a few hundred, clearly they will not be able to protect themselves.

I think that we have a much more sensible basis on which to build a long-term bilateral partnership with Iraq of the sort that the Secretary of State was defending. I see no problem with, or have any objection to, British expertise continuing to be available as the Iraqi army and nation rebuild themselves. If we want to be friends of Iraq, it is appropriate that we should do that, and the sooner that we bring our skills and expertise to Iraqis in modest numbers and not by dint of keeping a self-protecting force there, the better it will be for Iraq, for our involvement in Afghanistan and for the strain on our resources, manpower and finances. I hope that we are seeing the beginning of our withdrawal from any significant engagement in Iraq.

I appreciate that we will have to wait a little longer to hear the terms of the bilateral deal that will be agreed between our Government and the Iraqi Government beyond 31 December, when the UN mandate concludes, but I hope that the House will discuss that in detail at some point. We also await with interest the attitude of a new American Administration. We will know soon what political complexion that will be, and we have heard slightly different remarks from the two candidates as to their view of long-term involvement in Iraq, but perhaps in either case we should judge what they say in their early days in office rather more than what they had to say on the campaign trail. I think that from early next year, more and more of our defence debate on current operations will focus, as it needs to, on what we are doing in Afghanistan, rather than on what we have done in Iraq.

I opposed our involvement in Iraq. To pick up on a point made by the hon. Member for Woodspring, I am not aware of anyone who says that our troops have done nothing beneficial in Iraq. It is not my view that they have been in any sense wasting their time there or that they have not contributed something positive to the well-being of the people of Iraq. However, it is a measure of how badly planned the post-war involvement was that a full five and a half years on, we are discussing issues such as the availability of power and water, which in some parts of Iraq are not back to the state that they were in during Saddam's regime. I welcome any progress that we can make, but we should not be in this situation five and a half years on.

Dr. Fox: As a matter of interest, the objection of the hon. Gentleman's party was based not on the quality of the planning for the post-conflict scenario, but on their view that we should not have been there in the first place. Had we not been there, the people I met in Basra would not have the improved security there; nor would they be looking forward to some of the material benefits that might accrue as a consequence.

Nick Harvey: That is not what I said. The hon. Gentleman is trying to have it both ways. I do not recall that a purpose of invading Iraq was to restore the water supplies. As he well knows, our objection was that it was completely illegal and we were sold a duff prospectus on the purposes of the engagement. However, I honestly do not think that at this stage there is a great deal of purpose to be served by trawling over all that.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op) *rose—*

Nick Harvey: I can see that it is too much for some to resist.

Linda Gilroy: Does the hon. Gentleman seriously think that having seen off the weapons inspectors, the dictator Saddam Hussein would not have become an even more serious threat to the security in that region at that time and, therefore, to our security at home?

Nick Harvey: That was certainly not my assertion, but, as the hon. Lady knows perfectly well, the terms, timing and nature of our involvement in Iraq were issues of profound division at the time, and remain so to this day.

However, attention now turns to Afghanistan. As the Secretary of State observed, there are fundamental problems there, and the position is very complicated. No one ever said that it would be easy, and indeed it will not—it will clearly be a very long haul—but we need to retain a steadfast commitment, and this is by no means a time for faint hearts.

During his short time in office so far, the Secretary of State has already visited both Afghanistan and Iraq, and I welcome what he has said since his return. It is clear that there are complex issues for us to tackle. Our involvement in Afghanistan looks set to last for many years, but I am still not convinced that the general public are entirely clear about why we are there, what

[Nick Harvey]

our objectives are, or by what yardsticks they can judge the effectiveness of what we are doing there. Their confusion will probably have been increased by remarks such as those of Brigadier Carleton-Smith, although I agree with others that he should not be condemned for what he said, because there was some essential truth in it. As he remarked, we are not going to win this war by military means alone.

The hon. Member for Leyton and Wanstead (Harry Cohen) has intervened a couple of times to raise the issue of talking to and negotiating with the Taliban. It is pretty much an open secret that the Afghan Government do it, that the tribal elders do it, that the Pakistanis do it and that we do it, and it is entirely right that we should. The Secretary of State said that it could not possibly be part of the solution for us to hand over any part of power to those who had not laid down arms and who were maintaining the stances that they had taken in the past, and he was entirely right to say that, but there is a world of difference between saying that and saying that we would not be willing to talk to the Taliban.

I remember appearing on the BBC's "Question Time" on the day it emerged that the Major Government had been talking to the IRA. David Dimbleby turned to me and asked, "Are you outraged that it has emerged that the British Government are talking to the IRA?" I replied, "I am not half as outraged as I should have been if it had emerged that they were not doing so." It is entirely logical and right that such dialogues must take place if we hope ever to reach a point at which the opposing sides could be reconciled and made part of a lasting solution.

The Secretary of State was right to say that we could not establish any form of agreement with the Taliban unless and until they agreed to renounce what they had been doing, but we cannot hope to reach that point without engaging in some sort of dialogue with them. I do not know by what means it would take place, or whether it would begin for real now or later; but there is no way we will find a lasting solution unless and until it becomes part of what we are trying to do.

During our last defence debate a couple of weeks ago, I stressed how vital it was for us to send more helicopters to Afghanistan as part of our work there. The Government's statement yesterday about the issue of more protected vehicles was welcome, but I emphasise yet again the need for more helicopters, especially in view of the expected life of the existing helicopter fleet.

We also need to look to the wider region. I should like to know what dialogue has taken place between the British Government and America about American incursions into Pakistani border territories. On Sunday an American drone killed 20 people in Waziristan in Pakistan, and the raids continue. It is surely an irony that the security of Pakistan may now be threatened as our allies step beyond the bounds of the original mandate. I do not seek to minimise the problems that exist in the border territories, but we need to be careful that we are not opening a can of worms in unsettling Pakistan, which is absolutely vital to British interests in that part of the world. We must proceed with enormous care.

The Secretary of State has identified tackling the opium trade as one of our chief objectives, and he is right to do so. Given the scale of heroin addiction in Iran, I should be interested to know whether we have had any discussions with the Iranians about this. It is known to be something about which Iran has enormous concerns. I appreciate that we are significantly at odds with Iran over uranium enrichment and other matters, but it is vital—given that Iran has been involved in the west of Afghanistan—that we should have discussions with it.

On strategy, the hon. Member for Woodspring quite rightly pointed out the folly of continuing to operate on the basis of defence planning assumptions drawn up in the context of 1998. Afghanistan and Iraq cannot be viewed just as add-ons to our general strategic outlook. They have to fit in far more fundamentally to our view of things and what we are trying to do.

The Secretary of State has started to give a lot of thought to his new responsibilities and has identified some of the headline priorities, but before any of the key decisions can be tackled we have to go back to the drawing board over some of the big strategic issues. Some would characterise the decisions that need to be made as a tension between the priorities dictated to us by the wars of today and the longer-term threats that might emerge in other scenarios, where we have to retain a capacity to deal with what might emerge.

Although they did not really do so today, the Conservative Front-Bench team can, when they get the bit between their teeth, wax lyrical on the threats that we might face at various points in the future. I always feel that, rather like the Old Testament, they should not be taken too literally, but neither should they be disregarded. They are absolutely right to say that we cannot concentrate entirely on the priorities of today at the expense of any consideration of these issues, but the purpose of arriving at a defence strategy is to strike a balance between them. I am not content that doing that on the basis of calculations made a decade ago is a sensible way forward.

The right hon. Member for North-East Hampshire (Mr. Arbuthnot), the Chair of the Select Committee, asked the Secretary of State where the procurement of the new armoured vehicles fits into the FRES programme. The Secretary of State's reply was that the two had nothing to do with one another. One was funded by urgent operational requirements, the other was a long-term plan for the future. This shows precisely the problem that I am trying to illustrate. We cannot view these things in silos, as they all have to be moulded into a defence strategy that guides and governs the decisions that need to be made.

There is a backlog of unpleasant decisions that need to be made, as I am sure the Secretary of State is now only too aware. He has been hinting in the media that it may become necessary for one of the large procurement projects to be cancelled. This will be difficult when some are rooted so firmly in the constituency of the Prime Minister and others are rooted so firmly in the constituency of the Secretary of State. Nevertheless, there are some big decisions that will have to be taken, and it is essential that they are taken in a strategic context. I have read suggestions that the joint strike fighter might be cancelled and have wondered at the sanity of that. The project is absolutely fundamental to my understanding of our procurement strategy.

The biggest problem is the mismatch between the commitments on the one side and the resources on the other. I hope that one of our significant commitments,

namely Iraq, is now winding down to a point at which one can begin to get these things back into balance. As we look forward to what the purpose of our armed forces might be, I believe that we will have to look afresh at how we co-operate with our allies. As part of that we must recognise the different amounts of weight that different NATO countries have been pulling. There will have to be an enhanced role for co-operation in defence matters at a European level.

The Secretary of State said—and I had some sympathy with him—that his remarks on this issue were not designed to give rise to the sort of headlines that we saw about there being a European army. Let me make it perfectly clear that I would oppose the creation of a European army; it would be unthinkable for British citizens to sign straight up to a European army that was subject to a European political tier, but that is not at all what is being talked about. However, it is clear that the European members of NATO must pull more weight in the NATO partnership.

Given the economic strength and potential of Europe, European countries have a responsibility to co-operate much more than before, not only on procurement but in a wider sense. There is no need for anyone to be alarmed about this. There are circumstances in which British troops belonging to the British armed services will find themselves operating under either a UN flag or a NATO flag, and there is no reason why, in other circumstances, they should not also operate under Europe's colours. In my view, there is no encroachment on our sovereignty in that. There is, however, a responsibility for there to be more rational planning and co-operation with our European neighbours if we are to pull our weight in the future.

We should not be in splendid, budget-restricted and tired isolation; stronger capabilities, greater co-operation and constructive use of resources could only be of benefit to us, Europe, NATO and the world. I hope very much that, having mapped this out as a way forward, the Secretary of State will give more energy to it and ensure that it becomes a reality in future.

3.31-pm

John Smith (Vale of Glamorgan) (Lab): I welcome the opportunity to speak, albeit briefly, in this afternoon's defence debate. I congratulate my right hon. Friend the Secretary of State on his new appointment, which I think is somewhat inspired—I am sure that prediction will be proved right in future. The fact that this is the second full defence debate in almost as many weeks is a sign of what a powerful influence he will be in the Cabinet; two Thursdays out of the past three or four have been set aside for defence, and I hope that sets a pattern for the future. I also congratulate the Opposition spokesman, the hon. Member for Woodspring (Dr. Fox), on giving a well-balanced speech, and I hope it points to what we can expect in future defence debates.

I wish to speak on three defence policy items that I consider to be of major importance: the first is a big defence policy success; the second, unfortunately, is a defence policy failure, which I think could end up being a catastrophic one; and the third is a policy issue that I hope we can resolve this afternoon.

The first issue is defence training. I congratulate the Government on their policy of completely transforming and rationalising defence training across all three services through the defence training rationalisation programme. I was delighted with the Department's statement three weeks ago that phase 2 and phase 3 transformation of technical training—so-called package 1—is on track and progressing well. We should get an investment decision in a few months and the final contracts signed approximately a year after that. This major and radical transformation of training will ensure that British servicemen and women have the best technical training in the world—aeronautical, electro-mechanical engineering, computer science and information technology. People will all be trained under one roof. They will be using 21st century technology and training methods, and they will be the best in the world. However, that is taking some time; 10 years will have passed by the time the scheme is up and running.

We have already been through the same process for the officer corps, at the tri-service training academy for leadership and management training. We on the Select Committee on Defence had the privilege of visiting the defence academy at Shrivenham just the other week, and we saw at first hand the superb training that is being offered to our officers—the best in the world. It has been a huge success and an important part of the defence training rationalisation programme. We look forward to the follow-up, which is the technical training of other ranks being transformed in the same way.

The project is so big that the construction programme alone is on a par with the London Olympic project. It is a 600-acre development programme and something like 4,500 servicemen and women will be trained there at any one time. The construction programme will create almost 2,000 jobs in the local community. The facility will provide not only the best training in the world for our servicemen and women, but because the qualifications will be civilian-recognised, it will provide a skills base for this country in some of the most prized and sought-after skills in the world. Once those men and women have been trained, they will always be in the British economy, and could be called upon in future.

The project will amount to a huge saving in the defence training budget over the next few years. Yes, it is a £12 billion private finance initiative project over the next 25 years, and a complex and very large project on which we are well advanced, but the payback is that it will rationalise the delivery of all training across the services, avoiding duplication and creating huge economies of scale. We will actually save money for investment on the defence front line, which is where we want all the spare money to go.

In the current difficult economic times, if the Chancellor of the Exchequer is looking for a public sector project to provide jobs, stability in the economy and investment in training for the future of this country, and to save money, I can think of none better than the defence technical academy at MOD St. Athan. [Hon. Members: "Hooray!"] I can tell that everyone agrees with me, and I would like to place that on record.

I congratulate the Government on their approach to training and their rationalisation programme, but I now wish to raise a subject on which I do not congratulate this Government or previous Governments. It is a huge defence policy failure that could store up serious problems for us in future. We on the Defence Committee have just published our 14th report, on recruitment and training, which draws attention to the problem.

[John Smith]

Our policy of recruiting British ethnic minorities into the armed forces has been a complete and utter failure. In fact, there is evidence to suggest that the situation is getting worse, not better. As the Defence Committee found, the official statistics tell us that the recruitment of ethnic minorities has risen from a baseline of 1 per cent. in 1999, which is a highly suspect figure, to 6.1 per cent. by January 2008. The problem is that those figures have been fiddled. The MOD counted British ethnic minorities in 1999, but then counted Commonwealth recruits into the armed forces by 2008. Those Commonwealth recruits were already there, but they were not counted in the figure that was given in 1999. The official figure for the recruitment of ethnic minorities in this country's forces is 4.8 per cent., but I must tell the House that the more accurate figure across the three services is about 2.3 per cent.

Why do I think that is a problem? As an ex-servicemen who will always support our armed forces, I am concerned about the effect on their reputation. As the Defence Committee pointed out, our armed forces need to reflect the society that they serve, but a bigger and bigger gap is growing between the armed forces and the society that is out there in the community, and that is dangerous. When I was a serviceman, in the 1960s, the armed forces did represent the society in which we lived—unfortunately, that meant that the forces were homophobic, by and large, class-ridden and overtly racist—but that is not the case in the 21st century. We ignore at our peril the need for the armed forces to reflect the community that they serve.

Mr. Paul Goodman (Wycombe) (Con): Does the hon. Gentleman agree that those efforts to recruit some ethnic minority groups may be damaged by the American incursions into Pakistan that the hon. Member for North Devon (Nick Harvey) mentioned?

John Smith: No, I do not. Unfortunately, we do not have time to go into the details of the whys and the whys not. I merely point out that the United States of America has one of the highest levels of recruitment of ethnic minorities in the world, and that is because it has a proactive policy.

The situation is also dangerous because it restricts this country's ability to recruit and retain military personnel. If the armed forces were colour blind, we would be recruiting 20,000 more men and women into the RAF, Navy and Army, and many of the recruitment and retention problems that this country faces would largely be eradicated. Because the armed forces are not colour blind and we are recruiting only 2 per cent. instead of 10 per cent. from the ethnic minority population—

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I am listening carefully to my hon. Friend. I have an unfortunate problem in that I have seen this from both sides; that includes tabling amendments to the Select Committee report on this subject. Does he recognise that the report said that one of the problems could be found within those communities themselves, and that we had to address that? I am addressing it now.

John Smith: In short, that is not the problem we face, because this situation does not occur in other countries. The largest ethnic group who could be recruited are the Afro-Caribbeans, and they do not have the same sort of pressures within their community. In the US, the other ethnic minority groups that we are talking about have the highest recruitment levels, so, clearly, this process is done differently in the US.

Mr. Jenkins: My hon. Friend has identified a problem, but he has not come up with a solution. Does he feel that the detachment between the military and certain sectors of our community who have no link with and no information about the military is down to schools who do not promote it? Might that be one of the problems? Is the problem that certain sectors of our society do not have the same information on how much they could benefit from a career in the forces?

John Smith: The growing gap, which is the whole point of my raising this topic, is reflected in the fact that some schools do put up barriers. The reason is that the armed forces are in danger of becoming increasingly isolated within society, and that is a medium to long-term problem. If we do not address it now, we will have problems in the future. It is unfortunate that this is the situation facing us, because it denies many young black men and women the opportunity to escape from some of our inner-city streets and have a second chance in life, in terms of both a career opportunity and training. In other countries, especially the USA, far from not their having that opportunity, it is the principal method used by black youth to get out of the inner-city ghettoes and make their way in life, against all the odds. We are denying our young black men and women the same opportunity.

Linda Gilroy: Does my hon. Friend agree that the cadets and reserves have a particular role to play in reaching out to those communities and giving people the opportunity to enter the armed services?

John Smith: I do, indeed, and that possibility should be explored further.

For 10 years those at senior levels of the Government and the military have tried to address this issue, but we have failed. The time has come to put in place within the armed forces—a disciplined, authoritarian, structured organisation—a command responsibility, as they have done in the United States, that recognises that command success will be determined by an ability to recruit from across the community.

Finally, I would like to raise a point about the 200 residents in my constituency who have just been billed for nearly £1,000 in water charges back-dated five years—this just before Christmas. They are predominantly low and modest-income families on the west camp at MOD St. Athan living in the former married quarters—they are now first-time buys for young families. Because of MOD bureaucracy, those people have received bills dating from five years ago that have landed on their doorsteps completely unexpectedly, and I hope that Ministers will waive those payments.

3.46 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): It is a great pleasure to follow the hon. Member for Vale of Glamorgan (John Smith) who, as always, made an excellent speech.

I welcome this debate. Although it can seem to some that such debates come along like buses—three at a time—this is in fact a perfect time as we have a new ministerial team. Earlier, I welcomed the arrival of the two new Under-Secretaries of State for Defence, the hon. Members for Grantham and Stamford (Mr. Davies) and for North Durham (Mr. Jones), but I did not welcome the Secretary of State's arrival, which was an oversight. His arrival has been welcomed by the armed forces, because of his defence knowledge and constituency interest. His appointment is a very good thing. I also pay tribute to the Secretary of State's predecessor, the right hon. Member for Kilmarnock and Loudoun (Des Browne). From the beginning, when he was faced with the Lynx crash in Basra, which he handled with huge sensitivity, understanding and assiduity, he proved himself to be a good Secretary of State for Defence. We will miss him.

Several hon. Members wish to speak, and I have been treated with great indulgence by your calling me, Madam Deputy Speaker—because of my position, rather than my quality, I think—so I shall make only one point. I shall take a little time to make it, but probably not as much as half of the 12 minutes available to each of us.

In the United Kingdom, the defence world and Europe as a whole, there is a crisis of understanding about defence. People are talking from different viewpoints without listening to each other, or understanding or hearing what other people say. The armed forces say, "We need this piece of equipment. Other armed forces have it. For example, the Americans have had explosive suppressant foam in the wings of their aircraft since the 1960s. If you send us into battle without such equipment, you will put us at an unacceptable risk. We will therefore be faced with the choice of going in under-equipped or of saying no to the Armed Forces Minister. It is against our ethos and training to do that, so faced with the choice of being put at risk, or saying no, we are leaving the armed forces." That is the position that our armed forces say that they find themselves in.

The Treasury says, "Well, what do you want? Do you want a completely unlimited budget? There is nobody—no individual, no Department—that has an unlimited budget. Do you want us, the Treasury, to make your choices for you? Obviously not, and frankly we would feel more accommodating towards you—you would be more persuasive—if you spent the money better that we do give you. We do not understand what the armed forces are asking for in this case."

The industry says, "We would like to understand what the Ministry of Defence is doing, but for the last year at least there has been no real discussion between the Ministry of Defence and industry about what the Ministry is going to do. The Ministry of Defence has been told, first, that there is to be no bad news and, secondly, that there is to be no more money. Those two things are incompatible."

The people of this country say, "We do not understand what you are doing in Afghanistan or Iraq. Although we think that on the whole the armed forces are badly treated, we do not want to pay more money to them if they are carrying out projects that we do not understand or support, particularly if that money is to come from our schools and hospitals in order to prop up a corrupt Government in some country that we have never been to. We do not understand what they are doing."

That crisis of understanding has to be addressed, and it has to be addressed by the new ministerial team. There are people who are to blame for having failed to inspire the public by what we are doing. There are Treasury people who are to blame for treating matters to do with the armed forces as financial, when they are inspirational. A military band cannot be treated as something that can be reduced to pounds, shillings or pence or that can be described in figures. It is a matter of inspiration, and for each band that is cut the military understands that fact but the Treasury does not.

The people are to blame, too, because they have forgotten what Pericles said in the Peloponnesian war—if they ever knew. He said that one cannot have happiness without freedom, and one cannot have freedom without courage. He probably said that in some language other than English, but it is crucial and necessary for the people to remember it as they look forward to demanding that a higher proportion of our gross domestic product should go to defence. It is quite wrong that we spend the lowest proportion of our GDP on defence that we have spent since the early 1930s. If we reduce defence spending to such a level, we invite war. It invites the contempt of our enemies and invites them to believe that we no longer believe in our own values. That is where we are.

It is for the ministerial team to inspire the country with a vision of what we are doing in Afghanistan and Iraq, of why we are there and of why we need to support our armed forces. At the moment, that is not happening.

3.53 pm

Robert Key (Salisbury) (Con): I am delighted to follow my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), who has made the most remarkable speech that I have heard in a defence debate for a long time. I would only add that I, too, believe passionately that we should reconnect with our constituents to point out to them that even in these straitened times we need to recognise that our future prosperity, our standard of living and our quality of life all depend on recognising what our freedom stands for. If we are to continue to trade globally with the rest of the world, to import and export goods and services, and to do more than 90 per cent. of it by sea and only a tiny minority by air, we must, as a matter of necessity, still be able to project force around the globe.

We have reached a crossroads, as my right hon. Friend pointed out. We will either be a global force to be reckoned with, or we will not. If we are not, we will fall back on a group of countries that currently call themselves members of NATO, or perhaps on another relationship within the European Union. We cannot have it both ways: either we address the issue of the proportion of our national spending that goes on defence, and increase it—I would like to double it, as I have been saying for many years, to the distress of my party and the disbelief of the Labour party—or we will have to sit back and decline gently over the coming generations.

I believe passionately, however, that we do not really have a choice, because our people demand that their standard of living does not decline. Nor are they willing to see their ideas of what Britain is all about written off. Therefore, as my right hon. Friend so vividly explained, we must give them a vision and a far clearer explanation

[Robert Key]

of what we are doing about defence in the world. We also have to explain that the goods and services that they buy in the shops depend, ultimately, on the freedom to trade globally, on keeping the sea lanes open, and on keeping the security of our shores under constant surveillance, using technology that they are not used to and cannot really understand. How many of our constituents are distressed by what they perceive as the decline of what used to be called Customs and Excise, now Her Majesty's Revenue and Customs? They say, "There aren't any Customs cutters floating around our shores any more." That is history; we now do things differently, and I have to accept that.

People are increasingly concerned about the way in which our defence policy, as applied to our personnel, does not provide the services that our constituents expect. The remarkable reaction right across the United Kingdom to Help for Heroes has made us all sit up and wonder why that extraordinary organisation, which I am proud to say originates from my constituency, has caught the imagination of the British people. It is because the British people have suddenly woken up, and say, "Well, we may not understand what the armed forces are doing, and we don't like seeing on our television screens what they're doing, and what is being done to them in Afghanistan, Iraq or many other parts of the world"—there are, in fact, some 4,000 different units of the British military all around the world—"but we recognise that when they come home, they should expect and receive better."

That is why I am particularly anxious about how we treat returning service personnel, medically and mentally. I salute the progress that the Ministry of Defence has made in addressing those issues. The Defence Committee produced a report earlier this year on how we look after our service personnel and their families, medically. However, we need to go further. We have, of course, visited Headley Court and Combat Stress to see what they do, but there is something else that we need to do: we need to encourage Ministers to provide all the necessary resources, for example to the King's Centre for Military Health Research of King's college, London. It does incredibly good work, which it has been publishing since 2006. However, it still has a long way to go.

There is a remarkable project, which I hope Ministers will continue to support, called the trauma risk management, or TRiM, project for post-conflict trauma, depression and stress training. The system operates as a proactive peer group and mentoring and support system that helps people to identify when those in the services are at risk, and the symptoms that they should recognise. The allocated budget for all stress management training within all the armed forces stands at about £1 million a year, which is not nearly enough. It is easy for me to say that we must spend more, but this is a very important matter, and in view of the anxiety about it, expressed only today in the national press, I hope that Ministers will consider what should be done.

Another issue that we should take as part and parcel of the question of trying to ensure that the public understand more about what it means to serve in Her Majesty's forces is how we treat them with regard to their right to vote. For many years we have been saying that Her Majesty's forces do not have as high a level of voter registration as we think they should, and this month the Electoral Commission has described the way in which our forces are under-registered. It points out that only about two thirds of Her Majesty's forces are registered to vote, and it is running campaigns, which I welcome. I hope that Ministers will be encouraged to work ever more closely with the Electoral Commission to ensure that in the annual campaign that is beginning this month, through unit registration officers and Ministry of Defence publicity, no effort is spared to ensure that our service voters have the service that they deserve. It is also important to recognise that registering as an overseas voter is not always the answer. Rather the answer for all service personnel is to register as service voters because they need register only every three years instead of every year.

Lembit Öpik (Montgomeryshire) (LD): I understand that, unlike service personnel from other countries such as America, our service personnel do not have the opportunity to vote in a ballot box when they are serving overseas. They feel that having to vote by proxy means that they are effectively denied the democratic rights that those whom they are fighting alongside are granted. Does the hon. Gentleman agree that the Government should look into what appears to be an injustice?

Robert Key: I am glad that the hon. Gentleman has popped into our debate, which has been very important indeed. *[Laughter.]* Seriously, I am delighted that he is here. But it is not a question of how our service personnel vote, but of how they get on to the register. The voting that is recommended is by proxy. The Electoral Commission, the Ministry of Defence and my constituents in the armed services say that that is the best way. Nevertheless, the hon. Gentleman makes an important point.

Another matter on which I want, unashamedly, to press Ministers concerns the future of land forces headquarters. When it was mooted some years ago now that the Army should move its land headquarters from Erskine barracks in Wilton, which also happens to be in my constituency, to redundant buildings in Andover, there was much sucking of teeth, as the Minister would imagine. It was made plain from the start that the British Army land headquarters should be somewhere special, somewhere superb, somewhere that could be an expression of all that is best about the military tradition. Therefore, given that the headquarters land was in premises that had been taken over from the old southern command formed in the second world war and in buildings that were incrementally added to and are now pretty tatty, it was considered appropriate to move into new buildings—not over-the-top buildings; nothing approaching the grandeur and luxury of the Ministry of Defence main building; nothing like that for the people who do the fighting for our country, oh no. But there was at least the assurance that the new premises would be purpose built and appropriate. Not a bit of it. In a parliamentary answer last week, it was finally decided that the headquarters should be in the old buildings in Andover. They would be tarted up a bit with the odd lick of paint and bit of new carpeting here and there, no doubt, and that is fine, but it is a great disappointment. I share the Army's disappointment at the way in which this aspiration for something visionary for the future of the headquarters is now no more.

I should also like to draw the attention of the House to the problems that arise when military establishments are disposed of. That issue interfaces with domestic policy just as importantly as it does with defence policy. In the case of Erskine barracks, it means moving out 1,200 jobs and the military eventually vacating a large site, which will be sold. There is a disjunction between the Ministry of Defence and the civilian authorities. Only yesterday I spoke to officers in my planning authority who are working happily, closely and harmoniously with Ministry of Defence officials in what is called the Wilton taskforce, which is led by the Defence Estates. The problem is a lack of certainty and a fuzziness about the whole thing. Above all, Defence Estates has no consistent point of contact with the planning authority at a time when the planning authority is changing from a district council and county council to one unitary authority; I would have thought it in the interests of the Ministry of Defence that there should be continuity. At Defence Estates there is no consistent person with whom the planning officers can talk, at a time when they have to reinvent the existing local plan, which will expire, and when a process is in train for setting up a new plan.

Such issues do not sound like grand national defence policy but they are important to the morale of the people from all three services in Afghanistan, Iraq and all around the rest of the world. They need to know that we are at least looking after their domestic and administrative interests and ensuring that they can be proud of the offices in which they work and the services that we provide. In that way, they can be part of a democratic process that maintains their freedom and our freedom.

4.6 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): It is only three weeks since our last defence debate, during which the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), said that there was no equivocation about the Government's commitment to Devonport. I make no apology for beginning with some local issues, although I want to take up some of the points made by the two previous speakers, with whom I have the honour of serving on the Defence Committee.

I suspect that in the coming weeks redundancies at Devonport Royal Dockyard will be announced. The redundancies have been spoken of for about three years. Given that the 24/7 media tend to accentuate every story by repeating it almost every quarter of an hour, sometimes for several days, the fact that the redundancies have been expected for such a long time has tended to make it sound as if they are happening over and again. Nevertheless, when they come, they will, of course, be a source of deep regret and play into the ongoing concerns of my constituents.

Earlier this afternoon, my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) and I discussed the death by a thousand cuts of Devonport naval base and dockyard with the regional Minister. *[Interruption.]* I see my right hon. Friend the Minister for the Armed Forces sitting, as always, with great patience as he hears that such stories are ongoing. We know that Bulwark, Albion and Westminster will keep our workers in the dockyard busy for several years and that there was a huge £150 million investment to enable the important Astute submarine maintenance work in Devonport to continue.

There are, of course, peaks in the sort of work that is undertaken at our dockyard, and they are associated with the intense work on the submarines. Obviously, those peaks occur alongside the troughs in between. Filling those troughs is very important to the people who earn their living through this work. In recent weeks, Babcock Marine decided that it would no longer continue with work on some prestigious luxury boats that had been part of the in-fill work that kept the expert skills of the people who work on the submarines honed.

Yesterday, following my question at Prime Minister's Question Time, I was pleased to hear the announcement about the £700-million vehicles programme, part of which will be for further purchases of the Jackal vehicle—a great success story that we have talked about in previous debates. The programme will not automatically come to Devonport, but I cannot imagine that anywhere else is as well positioned to compete for it. When we met my right hon. Friend the Minister for the Armed Forces a few months ago, he assured us that he would press to obtain the clarity to which my right hon. Friend the Secretary of State referred when he said that he hoped soon to make some important procurement announcements.

There is often confusion between the roles of Devonport dockyard and the naval base. Of course, the prospects of both are closely tied together. Last week, I was pleased to be able to attend, as part of the armed forces parliamentary scheme, the staff course at Shrivenham defence academy, where for three days we discussed maritime policy and doctrine alongside officers who are on a year-long course preparatory to taking on their first command posts. That helped me to get a deeper and broader picture of the range of tasks and the flexibility of the role of the Royal Navy, and the centrality of amphibious warfare, for which we hope to become the centre of excellence in Devonport.

The right hon. Member for North-East Hampshire (Mr. Arbuthnot), who chairs the Defence Committee, referred to a crisis of understanding. One of the things that I gained a deeper understanding of was exactly what people mean when they refer to sea blindness and maritime blindness. That operates on several levels, one of which relates to the general public.

When our deployments in Afghanistan and Iraq are shown on television, they appear broadly to be land deployments to which the Navy is not at all central, so it ends up being sidelined. Nothing could be further from the truth, but that puts at risk its interests in relation to all the tensions involved in the defence budget. In Defence questions on Monday, I requested information about the number of Royal Navy personnel who are currently deployed in Afghanistan. The answer will probably come as quite a surprise.

In the battle of arguments between land, air and sea forces for different procurement programmes, the Royal Navy is put in a peculiar position whereby the centrality of its role in our joint expeditionary force capabilities becomes lost. My experience last week suggests that all the platforms together, including the carriers and the amphibious vessels, are there to project, support and

[Linda Gilroy]

protect our armed forces—there could be nothing more central to what we need to do to meet the risks of today and tomorrow.

Various hon. Members referred to the future carrier, which will enhance that amphibious capability to project, support and protect as a central plank of the expeditionary force that we need to deal with uncertain future threats. Some have argued that we need a White Paper to bring all this together. In addition to the fact that that would delay things, which would be dangerous, I understand that the basic assumptions underpinning the last White Paper—the strategic defence review—have been reviewed and found to hold true. There is a case to clarify and update what the right hon. Member for North-East Hampshire referred to as a crisis of understanding. I hope that some means of drawing on recent important studies can be found.

I want to mention two further issues. First, I acknowledge the work in the report of the Under-Secretary of State, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), on national recognition, and the Government response, which, among other things, confirms that we will have the first British armed forces and veterans day on 27 June next year. Work is ongoing to ensure that the day is in tune with national sentiment and to ensure that the scale and nature of the event do not unduly burden the armed forces, which is an important consideration.

Secondly, I particularly welcome the Under-Secretary, my hon. Friend the Member for North Durham, who this morning welcomed two remarkable veterans—two of the 50 veterans who have had life-size portraits painted by local artist Peter Blackler, telling the story from the first world war to the most recent deployments. I hope that a role can be found for that sort of project. I welcome the fact that prints of the two portraits are to be hung in the Ministry of Defence. Such projects, especially when they involve young people, are an important part of how we help our communities that are less familiar with the armed services than those represented by most of us here today to understand the role of yesterday's and today's armed forces, and the needs of veterans of more recent deployments.

I conclude with an issue arising from the Government's response to the recent report of the Defence Committee on recruitment and retention. I was particularly disappointed by the Government's response to our recommendation that they should, as soon as possible, carefully consider dealing with the differing retirement ages in the armed services, which has a particular effect on the senior ranks. Because people must have two years' remaining service in order be able to apply for some positions, those who have an earlier retirement date—mostly Marines, some of whom have the most important experience from recent deployment—cannot apply for posts that are open to all services. That cannot be right. It is not sensible to deny individuals that opportunity, and it is not sensible for the MOD not to have the benefit of those senior officers' experience.

4.18 pm

Bob Russell (Colchester) (LD): This morning in Colchester there was a regimental service for 2 Para. The final members returned on Sunday, and tribute was paid to the nine members of the battalion, along with those attached to it—another four—who died. The 16 Air Assault Brigade suffered 32 deaths and 170 serious injuries. I know that the House will rejoice for those who returned and feel great sadness for those who did not.

I am concerned about the future of the British Army. To discover from parliamentary questions that 10 per cent. of the British Army is not British is worrying. At some point, we need to address the reason for young British men and women's not joining Her Majesty's armed forces in the numbers that we would wish. Clearly, it has something to do with the attraction—financial and otherwise—of the package, which needs re-examining. However, I heard at a function yesterday that 37 per cent. of recruits drop out before they can become fully fledged members of Her Majesty's armed forces. That says something about the physical fitness, determination and aspirations of our young people. It is little wonder that there is a recruitment problem if many of those who join do not make it.

Let us consider retention. I pay tribute to the Government for the new barracks that have been provided in my constituency and elsewhere. I am not a fan of the private finance initiative, but Merville barracks, with their accommodation for the single soldier, are a great success. However, the accommodation for those in married quarters is deplorable. The Secretary of State mentioned investment—I believe that the figure was £8 billion—over the next few years. I seek clarification, but I am sure that a large chunk of that is rent for properties that the Ministry of Defence once owned and that the previous Government sold off at ludicrously low prices. In the past 10 years, the rent paid for properties that were once owned is less than what the Conservative Government got in capital receipts.

The story gets worse. I ask the Minister to confirm that the investment in married quarters is from the public purse to private properties, enhancing even further the value of houses that Annington Homes owns. When it sells them off, at a thumping great profit, the public purse has enhanced their value and increased that company's profits. That cannot be right, and I hope that one day a Conservative Member will have the grace to admit that the public were ripped off in that privatisation and that our military families are suffering as a consequence. In my constituency, more than 200 Army houses stand empty, for which the public purse pays approximately £700,000 a year. That is a waste and an absolute disgrace.

For the married soldier, his children's education is of the greatest importance. I urge the Government to examine closely the Defence Committee's excellent recent report and to look back to the Adjournment debate that I secured on the subject almost a decade ago. The lessons that should have been learned then have still not been acted upon.

I congratulate the Government on today's written statement on the inquests and on trying to speed up the process. I wonder whether the Minister can tell us a little more about the progress in the defence inquests unit. The written statement suggests that things are moving, but can the Minister give us any idea of when the process of tackling the backlog will be completed?

The hon. Member for Thurrock (Andrew Mackinlay) referred to the Gurkhas. In case hon. Members did not know, I can report that the Select Committee on Home

Affairs will hold a special one-day hearing on Tuesday. I hope that the Committee will recommend that the Government follow both the spirit and the legal interpretation of the High Court decision, which is that Gurkhas who retired before 1997 should be allowed to live in this country should they so wish. The Government made the right move in allowing Gurkhas retiring after 1997 and thereafter to do so, so the principle has been accepted. One hopes that the Government will now go further and accept the spirit of that ruling. Also, there is a ten-minute Bill dealing with the issue before the House, which, I can modestly say, I introduced. I hope that the sentiments behind that Bill will find their way into the next Queen's Speech.

I realise that many other hon. Members wish to speak, so I shall conclude. I, too, pay tribute to the Royal British Legion and all the other charities involved in providing additional help and encouragement. I passionately believe that we need that community involvement throughout the country, so that there is a feeling of ownership and a feeling that people have something to contribute. We are all wearing poppies as a visible sign of that. I have no more to add and I appreciate that others wish to speak, so I conclude on that point.

4.26 pm

Ann Winterton (Congleton) (Con): I too shall try to be brief, because I know that so many others wish to contribute to this reasonably wide-ranging defence debate.

In spite of the current economic difficulties, now is not the time to cut the military budget, especially when times are so uncertain and when the very stability of nations and the civilised western world is being called into question. With the recession and so much of the budget already committed for future military projects, even if we take into account yesterday's very welcome news of the £700 million protected mobility project, my biggest fear is that the Army will lose out. Yet the Army is the very service with the hard-won experience and expertise that the UK needs most, if we bear in mind the commitments that the Government have made in committing our forces to two war zones.

I regret that I was unable to be present yesterday to listen to—or, even better, to contribute to—the debate in Westminster Hall on "Government strategy and objectives in Afghanistan". Having read *Hansard* this morning, I support the contribution made to that debate by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood), who has first-hand experience of the problems faced there. I have made the point before that I do not believe that we will succeed in Afghanistan while security, reconstruction and development fall under two commands. The whole project should be under one command, preferably that of the Army, for success to be achieved. If the objective is not achieved, the overstretched and under-resourced military will be placed in an impossible position, with, I regret to say, further loss of life.

I have always given credit where credit is due to those responsible for transforming the equipment and fighting ability of the Army. As in the past, I commend those responsible for the introduction of the Talisman project, including the Buffalo mine-clearing vehicle. I first raised the issue in the House exactly three years ago, so it is gratifying to know that minds in the MOD have been changed in the meantime on the usefulness and life-saving potential of the Buffalo.

However, I was intrigued to read a report today by the director of equipment capability, who said:

"The Talisman system is based around three vehicles"—

the Mastiff, which we know about, the Buffalo, which I have mentioned, and the high-mobility engineer excavator, which I understand is to be built by JCB. However, what has happened to the Caterpillar DV104 armoured heavy wheeled tractors, 25 of which were procured at a cost of £14 million, but which are now being sold for less than £4.5 million? I believe that six of them were delivered as recently as 2001, and that they remain unused. I would have thought that those vehicles could be of some use to the Government in Afghanistan, for mine clearing, road building—you name it. My hon. Friend the Member for Salisbury (Robert Key) mentioned that he would like to spend twice as much on defence—as, indeed, we all would—but we have to ask where the wastage is occurring, and whether that money would be better spent on the vehicles that our armed services now need.

One of the areas in which the Ministry of Defence is most uncommitted at present is the category of medium-weight vehicles. I appreciate that they are part of the FRES package, which was mentioned by the Chairman of the Select Committee earlier, and I admit to having been critical in the past about the original concept. However, the Mastiff and Ridgeback design, which involves blast deflection rather than blast absorption, must be supplemented by more vehicles of that type. The Army needs a medium-weight vehicle that is ready to combat the difficulties that it could face from disorder in parts of the world as a result of the present worldwide financial and economic difficulties, and the terrorist threat that might follow in its wake.

Another need crying out for urgent attention is the provision of helicopters. This has also been mentioned earlier in the debate. I appreciate that, with the recession and the need to reduce unemployment, it will be tempting for the Government to insist on a home-grown product. We should, however, never deny our forces the helicopter capability that they urgently need, and which can be purchased off the shelf, even second hand. There are helicopters available that already have a proven track record in theatre.

The Royal Navy will have its two carriers, although whether there will be any aircraft to go on them is another matter. It will also have the Type 45 destroyers and the Astute submarines. The Royal Air Force has its Eurofighter and, in future, it will have the A400M airlift aircraft. But where is the ring-fenced finance for the key element of the future Army structure, which was based on the medium-weight vehicle?

I mean no disrespect to the Royal Navy and the Royal Air Force, which are both excellent in the roles that they undertake, when I say that it is the Army that is at present bearing the brunt of operations in two theatres, one of which is particularly difficult. I trust, therefore, that the Minister and Her Majesty's Opposition will make an unequivocal commitment to seeing the future Army structure through, so that, at the very least, the Army has the ability to fulfil its present role, to respond whenever it is called upon to keep order and stability throughout the world, and to defend the best interests of the United Kingdom.

[Ann Winterton]

In what we all recognise will be a tight military financial budget, the last thing that the nation would expect is for the Army proportionately to come near the bottom of the available funding league, while being expected to continue to carry the greatest burden. The British people know what sacrifices it has already made, and continues to make. They salute the courage and determination of our fighting forces, supported as they are by their families and friends, to whom we are also grateful.

4.33 pm

Mr. Adam Holloway (Gravesham) (Con): I have been so impressed by the brevity of some of the speeches I have heard today that it has rendered me almost unable to speak. Members will be relieved to hear, therefore, that I am going to throw away the speech that I had prepared and will just make a couple of points. We need to consider having some sort of defence policy, and I would have spoken about this at much greater length if my voice were not in this condition.

Before we pat ourselves on the back too much about Iraq, let us remember that the biggest single consequence of the invasion of that country is that, in the minds of hundreds of millions of people in the middle east, a crazed extremist called Osama bin Laden asserted that the Muslim umma was under attack by western countries that wanted to cause problems in the middle east. To my mind, our invasion of that country was completely unnecessary and, for hundreds of millions of people, it has given his words resonance. That is going to be the most lasting consequence of our engagement in Iraq.

We need also a defence policy that will stop us having another strategic failure after Iraq in Afghanistan. I went to Afghanistan a couple of weeks ago with my right hon. Friend the Member for Haltemprice and Howden (David Davis) and there is a considerable amount of disillusion about the situation there. At the moment, we are certainly not winning—and I could put it another way if the House wanted me to. Furthermore, by focusing almost exclusively on the military effect, we are in danger of losing what has become known as the global war on terror. The consequences of all that are enormously seriously.

I shall not bang on, but I should like to read what someone said in 1850 about Britain's engagement in the first Afghan war; it applies equally to the whole global war on terror. John Kaye said:

"Throughout the entire period of British connection with Afghanistan a strange moral blindness clouded the vision of our statesmen: they saw only the natural, inevitable results of their own measures—and forgot that those measures were the dragon's teeth from which sprang-up armed men."

4.36 pm

Angus Robertson (Moray) (SNP): It is an honour to follow the hon. and gallant Member for Gravesham (Mr. Holloway). I am only sorry that his voice was failing him, because he was making a powerful argument. I look forward to the next opportunity to hear what he has to say in greater detail.

I am pleased to take part in the debate. Through the Minister of State, I want to give a warm welcome on behalf of the Scottish National party and Plaid Cymru to his new colleagues in the Ministry of Defence team. I also want to put on the record a genuine and warm tribute to the Secretary of State's predecessor, the right hon. Member for Kilmarnock and Loudoun (Des Browne). Those who understand Scottish politics know that it is a pretty competitive field between my party and his, not least because we won his seat last year in the Scottish Parliament elections. However, I always had a straight and helpful information flow in my relationship with him, which is important bearing in mind that I represent the largest group of service personnel in Scotland, with both RAF Kinloss and RAF Lossiemouth in the Moray constituency, and that there is a strong Army tradition with the Highlanders and other regiments such as the Royal Scots Dragoon Guards. For that reason, it is not a surprise that the largest constituency veterans day event in 2008 was in Moray.

It is important to reflect on what the shadow Secretary of State for Defence, the hon. Member for Woodspring (Dr. Fox), said about support for the troops. We should put it on the record, as the hon. Member for North Devon (Nick Harvey) did, that support for our troops cuts across parties and our opinions on the operations on which they are sent. There are those of us who have passionately opposed the likes of the Iraq mission who will not avoid—nor would we ever seek to avoid—giving our unwavering support to our troops and the work that they do.

The four substantial issues that I want to raise are Iraq, Afghanistan, matters relating to veterans' affairs and Trident. I had the good fortune last week to visit the Iraq mission in Basra and spent a lot of valuable time with the British armed forces there. I was briefed about their work. Having seen what I think is universally acknowledged to be a successful transitional operation involving UK military officers advising Iraqi opposite numbers in the 14th division, I am glad to be able to put it on the record that our armed forces are doing tremendous work. The more who know about it, the better. I am pleased to report back to those hon. Members who have not had the opportunity to go to Iraq to see the work of our armed forces that it is extremely effective. However, I left with one very big concern relating to civilian reconstruction.

Many people are working extremely hard in the provincial reconstruction teams, not least the local team leader Keith MacKiggan, who, with officers from the Royal Navy and colleagues from the Netherlands and elsewhere, is helping the municipal authorities—which, sadly, are extremely corrupt and ineffective—to re-establish key services such as water and electricity supply, sewerage, and rubbish disposal. It concerned me that one of the most senior officers briefing us, who had served around the world, described the living conditions in large parts of Basra city, notably al-Hayyaniyah, as the worst that he had experienced anywhere at any time. It concerns me—notwithstanding my wish to see UK armed forces withdrawn from Iraq as quickly as possible—that part of the UK legacy will unfortunately be a continuation of that intolerable situation. I would welcome anything that the ministerial team can do to encourage their colleagues in the Department for International Development and the Foreign Office to ensure that those problems are overcome.

One of the great advantages of such visits—in this case it was organised very ably by Captain Helen Falconer—was that we had the opportunity to speak to

service personnel of all ranks from throughout the United Kingdom. As one would expect, as there are so many service personnel from Moray, I met a lot of them in Basra. The one message that I received consistently was that they are concerned about the time that it takes them to travel home on leave and that that time is effectively deducted from their overall leave period. Young men from Buckie and Orkney, serving with the Royal Scots Dragoon Guards and the Highlanders, explained that they were given 14 days' leave from intense service on the front, and that it took them three days to travel home and three to travel back, effectively halving their leave time. I do not consider that acceptable, and I hope that the Ministry of Defence will re-examine its rules pertaining to the calculation of travel time for our serving personnel.

Let me now turn to the subject of Afghanistan, not least because of the biggest single loss of life among the UK armed forces there. I pay tribute to the 14 personnel who died aboard Nimrod XV230, which was based at RAF Kinloss, and to their families. I was pleased to receive the Secretary of State's assurances, in reply to an intervention from me at the beginning of the debate, about the serviceability of the Nimrod fleet as well as the maintaining of the safety focus, which is extremely important. I shall return to that later—I hope that the Minister of State shares my concern about some ongoing serviceability issues—but I first want to say something about the broader aspects of the Afghanistan mission.

We need to look closely at our current position, as other countries are doing. I understand that the United States national intelligence estimate on Afghanistan, prepared by the United States 16 intelligence agencies, is set to highlight what they describe as harsh conclusions to the current strategy. It seems to me that we have limited breathing space for a major rethink over the winter months, when fighting subsides and a new United States President reviews his options. It is our brave troops who are literally on the front lines as the situation deteriorates. The Taliban have regrouped, the heroin trade is flourishing, and we are backing a Government with significant corruption problems. Meanwhile, too many ordinary Afghans are seeing precious little reconstruction and development.

It should be obvious to anyone with even a cursory understanding of Afghan history that this is a recipe for disaster. We need a major rethink now. Sadly, the United Kingdom misspent most of the opportunity that it had to make progress in Afghanistan by becoming embroiled in Iraq. The SNP and Plaid Cymru believe that the time has come to look at all the options before it is too late.

My time is running down, but there are two wider points that I want to make that are important. Defence policy, from our perspective, is sadly still decided in this place, but many of the attendant support mechanisms and the charity sector dealing with military matters are devolved or self-standing. That is visible by those of us who have decided to wear Scottish poppies; some may not be aware that they are doing so. I am pleased that colleagues from England are supporting Poppyscotland here today.

I am pleased also that one of the first acts of the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), who is responsible for veterans in the UK Defence Ministry, was to travel to Edinburgh last week to meet Stewart Maxwell, the SNP Minister in the Scottish Government with responsibility for such matters. I am pleased that the UK Minister was able to learn about the tremendous progress that has been made in the past 18 months. For the first time in Scotland since devolution we have a Scottish Government who have set out a programme for assisting veterans across Scotland. There has been a whole series of improvements to the situation inherited from the Labour and Liberal Democrat Administration in Scotland who, sadly, did not have such a focused policy.

My last point is about Trident. The Secretary of State was absolutely right to say that one of the universal principles that guide the policy perspectives of anyone in a democracy is that of standards of democracy and consent. I found it slightly jarring to contrast those comments with one of his first visits in post to Faslane, an excellent facility that will be a tremendous base for conventional naval forces in Scotland. The Secretary of State chose to travel to Faslane and to criticise those of us who do not want Scotland to be home to a system of weapons of mass destruction. It is not just the SNP that believes that; the Scottish Churches, the Scottish TUC, the majority of voters and the majority of Labour voters in Scotland believe it. I hope that the Secretary of State, who is not present now, takes the opportunity to reflect on the fact that when he talks about democratic consent he should apply that to public opinion in Scotland.

We are debating defence matters in the run-up to Remembrance Sunday. It is important for all those servicemen and women who may be watching or reading what we discuss today that they understand that our support for them is not dependent on our support of Government policy or on the constitutional arrangements within the UK. The most important message to all our servicemen and women, and to all the charities that support them and their families, is that we salute them all.

4.48 pm

Mr. Bernard Jenkin (North Essex) (Con): We respect the Scottish National party's respect for our armed service men and women. We have rather less respect for its defence policy. I seem to recall that it wanted the economic policy of Iceland until fairly recently; perhaps they want a similar defence policy for Scotland. I do not think that the Scottish people, on reflection, would choose that.

I dedicate my remarks to 2 Para, who are holding their service of remembrance for fallen comrades today in Colchester.

The first issue we have to face is that the Government no longer have a defence policy. The writing was on the wall for years. The mismatch between commitments and resources has become progressively worse. The publication of the national security strategy in March marked a tipping point. It stated the Government's determination to

"shift the overall balance of defence procurement towards support of current operations".

That was an implicit admission that, after the 2008 three-year spending review, the MOD could no longer pretend to make ends meet. The Government can no longer maintain all the current commitments alongside the maintenance of the capabilities set out in the strategic defence review to keep the UK at the top table of

[Mr. Bernard Jenkin]

military nations in the future. The Government's defence policy is collapsing. This follows the 10 years since the SDR, during which the armed forces have been increasingly underfunded, leaving an ever-widening gap which can be bridged only by continuing the run-down of manpower and extending the delays in orders for new equipment—with all the extra costs involved in that—and by the cancellation of training not directly relevant to the present counter-insurgency campaigns.

The armed forces have just to keep making do, and they do so brilliantly, with the prowess, skill at arms, bravery and dignity that is their hallmark. However, they have been operating beyond the Ministry of Defence's defence planning assumptions for a period longer than the second world war. Such sustained overstretch means that, for example, half the new British Army officers deployed on operations have never done their live fire and manoeuvre exercise at the BATUS—British Army training unit Suffield—training area in Canada, which used to be a prerequisite. It also means that the term "pinch point trades", which used to apply to a few specialist jobs in the services where there was a shortage of trained people, is now applied to the infantry as a whole. In order to meet the Government's own targets for concurrency—that is, maintaining harmony guidelines—the number of infantry battalions would have to be increased by 10, from 39 to 49.

Overstretch has been a deliberate Government policy; they have consciously run a foreign policy dependent upon the force of arms whose ambitions have outstripped the sustainable capability of the armed forces. Moreover, that looks set to continue. Whatever capacity is withdrawn from Iraq over the coming months looks likely to be almost immediately redeployed in Afghanistan as part of a US-led military surge. I do not necessarily oppose that policy, and I have no doubt that the armed forces can continue to deliver, but only in the short term, as the Chief of the Defence Staff himself has said. This sustained period of overstretch is having dire consequences, which we in Parliament, who are elected to be guardians of the long-term national interest and the welfare of those who would give their lives for us, should regard as completely unacceptable.

The first consequence is military. I have been advised that the long-term attrition on people and equipment means that the MOD now privately estimates that even if it were to withdraw from all current operations immediately, the armed forces could not fully recuperate before at least 2017. That means that we are close to breaking the Army—a notion introduced to the debate on defence not by an Opposition MP, but by the Chief of the General Staff. The same applies in different ways to the other two services.

The second consequence is the human reality of this military exhaustion. Why should men and women fight and risk their lives? They do so because they believe in what they are asked to fight for, and they believe that their country will look after them and those they love. I have looked into the faces of exhausted helicopter pilots, listened to soldiers back home who are haunted by their experiences, heard sailors who have cancelled their leave or their training and left their families to be with their ship on operations, and shared the grief with bereaved families. We must not take it for granted that the men and women of the armed forces will always be there when we need them. The steady flow of those leaving early is testimony to the strain on them, yet it has become an insidious part of the Government's defence policy consciously and cynically to exploit the extraordinary good will and resilience of these men and women. It cannot go on for much longer. I appreciate that the Government have begun to address questions around the military covenant, but we should keep reminding ourselves that this aspect of their exploitation of the good will of our servicemen and women is completely morally indefensible.

There is a third consequence, which is yet more serious and profound. The national security strategy and the Secretary of State's hint to *The Sunday Times* that a big programme would have to be cut both demonstrate that there is now a deliberate act to compromise our nation's long-term security as defined by the SDR, which set out all the essential things we need, simply for lack for funds. The terrible dilemma facing MOD officials and service chiefs is what to do. What should they cut to keep the show on the road in Afghanistan? Should it be the carriers and joint strike fighters, with their global power projection? If we are to have them, are they not simply crowding out other vital programmes? The Minister shakes his head, but he knows that that is the question that faces policy makers in his Department.

What about cutting the Astute submarines, which are vital for the protection of an ocean-going navy? Could the Government possibly cut more surface ships, or Future Lynx, the new workhorse helicopter for all three services? Even if they cut 70 of the Future Lynx—no number is yet confirmed—the number of helicopters in the UK armed forces will be fewer than half the current figure by 2020.

The difficulty is that coherent defence policy does not stand alone but must be part of the UK's overall foreign and security strategy. The current self-deceits, inconsistencies and financial constraints make it impossible to frame a rational long-term policy. We need a Prime Minister to decide what sort of country we realistically want to be, and what role we can realistically afford to play in the world.

We are stretched across the middle east and central Asia with long-term commitments, like a colonial power, but with little public understanding of why we are there and paying so much in money and sacrifice. Are Iraq and Afghanistan to be the last gasp of the so-called ethical foreign policy? We need a defence review to resolve the painful dilemma that is being lived out by our armed servicemen and women, but before that the Government must forge a new foreign and security strategy to reflect a coherent view of the UK's role in the world—the world as it is, not as some would wish it to be.

It is Labour's combination of over-ambition, naivety and lack of funding that has led us to this pass. We remember the extraordinary Chicago speech that the then Prime Minister, Tony Blair, gave in the heat of the Kosovo crisis. He proclaimed that his actions were

"guided by a subtle blend of mutual self interest and moral purpose".

He added, casually, that

"in the end, values and interest merge".

I kid you not. How did anyone take such amateur philosophising seriously? How could any serious foreign policy practitioner distil any principle from such meaningless cant?

That attempt to overlay our foreign policy with a spurious moral authority that it cannot possess has had disastrous results. We have tangled our military capabilities with legal complexities that result in terrorists being held prisoner in Basra in better conditions and safer accommodation than we have been able to provide for our own servicemen. *[Interruption.]* The Minister says that that is rubbish, but I saw it with my own eyes. The soldiers in Basra live in soft accommodation; the prisoners are in hardened accommodation.

The result is the Royal Navy being instructed not to capture pirates off the horn of Africa for fear that they might claim asylum. The Government gave the Department for International Development a remit that set it up as though it were a state within the state, apparently answering to an altogether higher moral authority than the mere interests of the nation that pays its bills. Our armed forces, who have the responsibility for winning hearts and minds in Afghanistan, have to wade through swathes of bureaucracy to access a few million pounds for quick-impact projects, while DFID squanders billions on the corrupt Government in Kabul in pursuit of probably unattainable, and certainly less urgent, political objectives.

Whatever we have to do in the short term we must do, but in the long term we need a new defence policy reflecting realism about the world and about what we can do, and based on the interests of the UK and the likely threats to the safety and welfare of our people over the next 20 or 30 years. We face a perfect storm of modern threats: non-state terrorism and insurgency, Muslim extremism, weapons proliferation, Iran, the rise of nationalism, Russia, the new threats arising from climate change, population growth and food and energy scarcity. All those are now set against the background of an unprecedented global financial crisis, which will have economic and strategic consequences that are as yet hard to assess.

Ditching the chaos of the ethical foreign policy is a pitch not for amorality but for moral realism. Of course we have obligations to the wider world, but we must surely recognise that our first duty as parliamentarians is to secure the safety and well-being of the fortunate people born, or who have come to live, in these free islands. That includes the need for a defence policy that preserves our safety, maintains our influence and honours our obligations to our servicemen and women and their families, and for which we must therefore be prepared to pay.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Four hon. Members are seeking to catch my eye before the wind-ups. I cannot reduce the time limit without giving any notice, because to do so would be unfair. Seven and a half minutes for each contribution would allow all hon. Members to get in, if there is a mood of co-operation.

5 pm,

Mr. Richard Benyon (Newbury) (Con): I shall seek to abide by that, Mr. Deputy Speaker.

It is excellent that the words "Help for Heroes" have been mentioned on a number of occasions in tonight's debate. A year into the life of that charity, of which it is an honour to be a trustee, I wish to pay tribute not just to those who started it up, particularly its inspirational chief executive, Bryn Parry, and to the wonderful army of volunteers, not just those in Wiltshire, who have kept the office going and who have fielded all the requests and the enormous sums that have arrived there from all around the country, but to the fundraisers all around the country, who have worked so hard. It has been an inspiration to be involved.

Interestingly, as has been said in the debate, people in Britain have now got it; they are able to divorce what they may or may not feel about the rights and wrongs of the operations in the world in which we are partaking from their complete and universal—almost universal—admiration and respect for our armed forces. When one talks to commanders, of whatever rank, who have returned from operations, what is clear is a universal pride in the performance and courage of those whom they have commanded. We must remember that this is the hoodie generation—the PlayStation kids—who are performing so well; they are performing as heroically as their grandparents and great-grandparents did in a more heroic age.

In the few minutes available to me, I wish to raise a few points about our care for the wounded. When people are injured on operations, they receive first-class treatment on the battlefield. When they go to medical facilities such as Camp Bastion, they receive first-class treatment there too. They then come to Selly Oak, which is a world-class organisation. I am not one of those people who signs No. 10 website petitions asking for the restoration of military hospitals, because if I were still in the Army and I were wounded, I would want to go to Selly Oak. It is a centre of excellence where people have developed real skills in dealing with cranial injuries, gunshot wounds and all sorts of other requirements.

People then go to Headley Court, another fantastic organisation, which will be further improved thanks to Help for Heroes and a big injection of cash from the Government. My point is that we hope that after going to such places, the personnel return to their unit. If they do not, and they cannot continue in the Army, they may have to go back to their community; we all represent those communities. There are people living in our towns and villages who may not outwardly have a visible disability, but who might have a disability inside their heads. We are only just starting to understand post-traumatic stress. We know that it can manifest itself again 14 years after an event, so there has to be a system in place to look after people if post-traumatic stress revisits them at any point.

People with a disability who are trying to come to terms with life without a job and without the support of the military family are massively important. So, I am delighted that Help for Heroes has managed to support Combat Stress, Skill Force—another wonderful charity that gets servicemen into schools and other learning institutions, so that students can benefit from their presence and they can learn a new trade—and the Soldiers, Sailors, Airmen and Families Association. The help that has been given is enormously good.

[Mr. Richard Benyon]

I also wish to discuss two people, whom I visited at Selly Oak some months ago: Rifleman Stephen Vause, who was in a coma, having been injured in Basra while serving with 4th Battalion, The Rifles; and Corporal Tony Burbidge. After I saw Stephen Vause in Birmingham, he went to the neurological centre at Putney, and he is now making fantastic progress at Headley Court. Having seen him more recently, when I noticed that he had progressed so much, and having spoken with his wonderful mother, Jessica Cheeseman, I realised that Stephen will require lifelong care and his mother and his wonderful family will require support for him for the rest of his days. We must consider such issues when we talk about the wounded.

The other soldier I wish to speak about is Corporal Tony Burbidge, a career soldier, who was shot in the arm in Basra. I was not with him for long enough to make a full assessment, but he had regimental sergeant major written all over him—he was a real warrior, and the Army loses people like him at its peril. I do not know whether he has yet passed his fitness test to re-enter full service in the armed forces. There was much debate about that when I bicycled 350 miles with him for Help for Heroes. He said to me that he was struggling to reach the precise level of fitness required to return to full strength. I hope that the Army and the MOD can cut such people a bit of slack. I wrote to his commanding officer, Rupert Jones, and was heartened by his reply—like all good regiments, the Rifles will look after its own. I hope that MOD will recognise that if such people cannot make the precise fitness grade, we will lose a real asset and there will be many more Corporal Burbidges to look after.

I would have liked to use the second part of my speech to talk about a much more contentious issue—the appalling Government decision to axe the Defence Export Services Organisation—and about why it is so damaging at a time when we must build up our balance of payments and support our manufacturing industry. However, I recognise that there is not enough time, so I shall wait for the Queen's Speech debate to make that contribution.

5.6 pm

Mr. Paul Goodman (Wycombe) (Con): Like other hon. Members, I begin by honouring the work that our armed forces are undertaking, especially in Afghanistan and Iraq, and by paying tribute to those who have been wounded and who have died.

This is the first time that I have spoken in a defence debate since my election to this House in 2001, which might suggest to Members, if they did not already know, that I am not a defence expert. The main threat to our armed services abroad is, of course, the same as that which endangers us at home, although less directly. Defence policy and security policy are inextricably linked. It is in that context that I want to consider a matter raised by the hon. Member for North Devon (Nick Harvey)—the domestic and foreign implications of recent US military action in Pakistan.

As some hon. Members know, I have the largest number of Muslim constituents of any official Opposition Member. Those who seek to defeat our armed forces in Iraq and Afghanistan usually claim to act in the name of their religion. My constituents, together with the overwhelming majority of British Muslims, reject that claim unambiguously, but have been troubled, as we all have, by those who seek to drive a wedge between British Muslims and their fellow citizens of other religions and none, and whose key strategic aim is to win the hearts and minds of young British Muslims, to denigrate Britain's mainstream Muslim leadership as "kuffar" and, ultimately, to replace that leadership with the leadership of extremists.

Those who worship at Islamic religious institutions in my constituency come mostly from a deeply traditional Islamic background and originate largely from Azad Kashmir and Pakistan, as do up to 1 million other British citizens. I wish, therefore, to address Pakistan and its role in relation to our defence and security. The movement of people between Britain and Pakistan is habitual and frequent, and enriches both countries. I have visited Pakistan and Kashmir twice and addressed meetings there, present at which were many British citizens planning to return to Britain in due course.

What happens in Pakistan and Kashmir touches many British Muslims more directly than events elsewhere and nearer to home, and events are taking place in Pakistan that directly affect the security of that country, which is of course an ally. On 3 September, US forces launched a ground raid into Jalal Khel, a village in south Waziristan near the Afghanistan border. About two dozen people were killed. The Americans claimed that they were insurgents, but the Pakistan Government said that they were civilians. I appreciate that the truth is often hard to establish in a war in which insurgents do not wear uniforms. However, the raid was not a solitary incident.

In recent weeks the US has launched repeated missile strikes in Pakistan. It has been claimed that George Bush, in the final months of his presidency, has signed an executive order giving US special forces carte blanche to operate in Pakistan. These events have been closely followed in Britain by citizens of Pakistani and Kashmiri origin.

We must, of course, appreciate that the war in Afghanistan in which British lives are at risk does not stop at the border. I understand, as we all should, the frustration of US and NATO commanders who know well that plots hatched in Pakistan cost blood and treasure, as the saying has it, in Afghanistan. Some may believe, not altogether without reason, that Pakistan is doing less than it could to combat insurgency in the tribal areas, to which Pakistan, of course, will counter that it has already done much at the cost of some 1,400 Pakistani lives—another sacrifice that we should honour.

We should be unwilling to comment on any individual action. None the less, I believe that we should draw some definite general conclusions in the interests of our security and our defence. Pakistan is not in a stable condition, to put it mildly. That is not to say that it is in the grip of extremism, as some reporting suggests. That would be a grotesque misrepresentation. In the recent elections, the extremists fared poorly, even in the north-western areas, which are sometimes portrayed by parts of our media as a hotbed of unchallenged fanaticism. The Pakistan Peoples party, which won most seats in February's election after the terrible murder of Benazir Bhutto, is essentially a moderate party.

Pakistan has an articulate, educated and westward-looking middle class. The vast majority of people there want what people everywhere want: prosperity, security and freedom. However, as I say, Pakistan is deeply troubled at present. We have seen the recent film footage of the terrible explosion in Islamabad, which cost the lives of more than 40 people, and we remember the Bhutto murder.

The moderation of the people of Pakistan must never be underestimated, but one would be bold to predict a trouble-free future for that country in the medium term and especially in the short term. A key British strategic aim must therefore be to support the fledgling Government of Pakistan. The US military intervention is having an unwelcome effect in Islamabad. Only last week, Pakistan's Parliament passed a unanimous resolution calling for an end to military action. It urged an urgent review of national security. I appreciate that there is a dispute about the effect of the resolution and that it was not a reaction to US actions alone. Pakistani politicians are well aware of the Saudi peace initiative, but this development was worrying.

As I say, we should be unwilling to comment on any individual action. We have to ask ourselves some hard questions. Are those actions likely to inflame extremism in Pakistan? The answer is yes. Are they likely to have a significant effect on countering the insurgency? I am not a military expert, but I suspect that the answer is no. Is the damage that they do in driving up extremism in Pakistan greater than any good that they might do in countering insurgency? Again, I am afraid, the answer must be yes. That harm has repercussions here at home. There is no need for me to labour that point.

Those on the Treasury Bench have a responsibility this afternoon. I look to the Minister who responds to the debate to make it crystal clear that the Government believe that as a rule there should be no military intervention by outside forces in Pakistan without the permission of its Government and that any such intervention damages our defence interests, compromises our security and undermines the position of a key ally at a time of great need.

5.13 pm

Mr. Douglas Carswell (Harwich) (Con): Robert Kagan writes of how the world is returning to normal. The author of "The Return of History and the End of Dreams" writes of how many of the post-cold war strategic assumptions are coming to an end. In place of a world dominated by an all-powerful American hegemony, the world is becoming more multi-polar. Kagan writes of how new regional powers are emerging and have begun to jockey for advantage: China, India, Iran and Russia. He suggests that the democracies of the world—Britain, America and others—face a new challenge from resurgent autocracies.

There is also the threat of radical Islamism. On 11 September 2001, the strategic environment was changed profoundly. It seems that the world is in rapid flux, yet those who make public policy move more slowly. Danger does not necessarily come from the resumption of age-old great power struggles, but from our unpreparedness for them. Too much of our defence policy remains based on residual assumptions that no longer necessarily hold. Policy is too often the product of ad hoc decision making. What is supposed to be strategic calculation is little more than policy formed in response to tactical necessity. We are ill-prepared and weak when it comes to the challenges that lie ahead. Already, our armed forces are seriously overstretched. We have asked them to do too much, on too little, for too long.

For many people, the answer is simple: spend more money—an extra £10 billion here, an extra £10 billion there. However, after a decade of the Government hosing additional money at health and education, we know that more money alone does not always achieve the improvements expected; so it is, I fear, with defence. Any additional expenditure on defence needs to be accompanied by reform. Hosing more money at defence alone will not improve our armed forces. Before spending more money, we need to end the years of indecision and strategic drift. Above all, we need to end the racket that is contemporary defence procurement policy.

Our defence policy should be informed by an assessment of our foreign policy objectives, by careful, cool-headed, level-headed consideration of our national interest, and by an assessment of various strategic assumptions. That is what should determine how we prepare our armed forces. Foreign policy calculations should shape our defence strategic guidance, and our defence priorities should then be determined by what is in the defence strategic guidance. It is simply bogus to pretend that that is what happens today. Anyone who thinks that it is does not really know what is happening in the Ministry of Defence. For example, where in the current draft of the defence strategic guidance are there planning assumptions or scenarios that call for two new carriers?

Labour came to power promising to overhaul defence procurement, yet according to the best-selling author Lewis Page, its defence industrial strategy amounts to business as usual. The defence industrial strategy is more about industry than defence. It does more to safeguard the interests of selected contractors than the interests of the armed forces. The DIS is good at putting large amounts of public money on to the balance sheets of a few contractors, but that is about all it is good for. The DIS talks about best value for money, and improving delivery and costs, but all the evidence shows that the DIS promises things that are almost by definition mutually exclusive. We cannot both shore up our defence industrial base and provide our armed forces with the best value kit in the world: it is a logical impossibility.

The DIS is, in reality, a corporatist, protectionist racket. Lobbyists for the DIS on the political left justify it as a means of preserving jobs. The same arguments once trotted out to justify Government subsidy of British Leyland are used to legitimise squandering our defence budget. To those on the political right, the fig leaf justification is about something called sovereignty of supply. The same arguments were once trotted out to justify the corn laws.

Defence procurement is run in the interests of the big contractors, not our armed forces. Billions are spent on what it suits the likes of BAE Systems, VT and others to supply. The taxpayer pays a high price for protectionist procurement; the soldier pays a blood price. I shall give one example. In Afghanistan, helicopters allow our troops to cover distances quickly and give us tactical flexibility, yet there are not enough of them. Why? Protectionist procurement. In a letter to me, dated

[Mr. Douglas Carswell]

31 July last year, Lord Drayson admitted that the MOD had not run a competitive tender process to replace the Lynx. It was, he wrote

"the judgement of the department that a competition...would cause delay".

Thus the alternatives were never fully considered.

A £1 billion contract to build helicopters was awarded for a helicopter that cost almost 50 per cent. more than the alternatives, and which would not be ready until at least 2012. That is a long time to wait if one is in a minefield in southern Afghanistan. Sir Kevin Tebbit, who was the permanent under-secretary at the MOD when the decision to exclude rival bids was made, did not have to wait anything like that time before he joined the board of the company that got the contract. Our armed forces in Afghanistan pay a blood price for the shortage of helicopters. The price of protectionist procurement is paid in English blood in Helmand.

It is ironic that the helicopter that eventually lifted Corporal Mark Wright and his comrades off the minefield in Helmand was apparently an American Sikorsky—precisely the kind of alternative never considered by the MOD. Those who think that procurement policy should be about protecting jobs should perhaps remember that. Sikorsky tells me that it wrote to the MOD, offering to supply some 20-plus lift helicopters within months. It tells me that it took Sir Kevin's former Department longer to respond to the offer than it would have taken the firm to fulfil it.

Protectionist procurement weakens us. The idea that it can somehow strengthen our standing in the world to purchase military equipment from only a handful of supposedly UK suppliers is nonsense. We need off-the-shelf defence procurement. In any market where there is a constraint on supply, the seller sets the terms of trade; so it is in defence. The DIS restricts supply to a few privileged contractors. No through-life approach can stop the taxpayer being ripped off, or the armed forces being denied the kit that they need to have on time, every time.

We need to consider making off-the-shelf procurement the default setting for our defence procurement policy. BAE Systems and VT might not like it, but it would ensure that our armed forces had the kit they need to do the tasks that we set them. It would help us to meet the challenges that Robert Kagan writes about in his book. We need off-the-shelf, multilateral procurement, working in collaboration with our democratic allies.

5.19 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to be the concluding Back-Bench speaker in what has been a very interesting debate on defence policy. There has been huge focus on Afghanistan and that is where I will focus my remarks as well. I have recently returned from yet another trip there and I am concerned that we might be heading towards a civil war there unless we see some huge changes in strategy.

It is seven years on and there are four clear areas of concern. First, there is a lack of international co-operation, with a mess of confusion of command and control between the UN, the EU and DFID. Every day, £700 million is spent on military matters in Afghanistan but only £7 million a day on humanitarian matters, and that ratio needs to change. Our soldiers are at the top of the hill, holding the ground, looking over their shoulders, expecting something to happen in the village below. It does not happen and that is why they stay longer and longer, wondering what they are doing there.

My next concern is the Afghan constitution, which we touched on in an interesting debate yesterday. I do not believe that the one-size-fits-all solution is suitable for Afghanistan, which is a wonderful mixture, with myriad ethnic groupings, alliances and allegiances. They do not all look to Kabul and President Karzai for leadership, but to their local jirga and the local head of the town or the village. That has been completely ignored in the constitution. We need to look at local autonomy, giving a little emphasis to the local leadership, but that has not happened. The only time that the 10 ethnic groups, on which my hon. Friend the Member for Woodspring (Dr. Fox) touched earlier, ever came together in the past was when a foreign force came in and they joined together and rallied to try to destroy it. Then they returned to arguing with or fighting each other. We need to recognise and celebrate those differences, not think that there is one size that fits all.

There is also a lack of vision or strategy for the country. Access to the markets is limited. If any country has some product to sell to an international market, it needs to be able to reach that market. The three main arterial routes in Afghanistan are difficult to travel. There has been no decision to build any railway; only the Iranians are considering one in the east of the country. We need to ensure that there are better methods of reaching the Indian ocean and the trans-Siberian railway to export whatever produce can be grown. Before the Soviet invasion, Afghanistan was one of the greenest countries in the world. That has now been lost because of the lack of irrigation systems; 92 per cent. of the water runs out of the country and only 8 per cent. is harnessed. Those are the sort of issues that need to be tackled, but no one is doing so because each area is working on quick impact projects rather than following a bigger plan, linking together and providing a marketing strategy that can lift the country off its knees.

It has taken a long time to understand what is happening in Helmand and to achieve co-ordination between the MOD, the FCO and DFID. There is talk of handing over to the local military, but I am afraid that only 400 soldiers have been trained locally, and that is not enough. Despite a target of 135,000 soldiers, there are only 400 of combat capability.

After seven years in Afghanistan and five years in Iraq at a cost of £9 billion to the taxpayer, it is right to ask why it is taking us so long to make the transition to peacekeeping from war fighting and whether we could do better. Recent military engagements are increasingly characterised by the rapid defeat of the enemy by a relatively small deployment of forces, but an inability to respond to the ensuing lawlessness, which ratchets up. It starts with looting and eventually the enemy starts to regroup, and nothing happens during that small window of opportunity of limited security.

We win the peace but we lose the war. There is an absence of a mature plan for post-conflict operations. That leads to delays in restoring essential services, establishing a basic rule of law and restarting the economy. Our troops remain rather than return home as expected,

and the cost of the entire operation ratchets up ever higher. I propose that after consultation there should be a radical overhaul of defence policy and how the UK conducts reconstruction and stabilisation. I would like a new stabilisation and reconstruction force to be created. I stress that that is my personal view, but I hope that my party's Front Benchers and the Government will consider it. Such a force would allow Britain to complete the overall mission in a more timely and humane manner. We cannot rely on the UN and the EU to do that; we have seen that they are not capable of it. Nor can we rely on the Department for International Development to do it, because it does not work effectively in insecure environments. States such as Afghanistan lack the initial capability because the facilities are simply not there.

I want the military to lead a large-scale, specialist reconstruction and stabilisation force with the objective of filling the gap between emergency humanitarian assistance and longer-term development assistance, trained and equipped to make a prompt, visible and effective impact on the way of life so that the future looks brighter. I would like the force to be able to provide continued security operations, local policing, humanitarian relief, emergency housing, emergency shelter, food, water and basic health facilities and enable the restoration of power and grass-roots local governance.

That would be to plant the seeds; they would not be expected to flourish immediately. However, we would be proving to the locals that we meant business and wanted to empower them rather than take over. I should also like education facilities to be reconstructed and agricultural programmes to be initiated. The brigade-sized reconstruction force would have to be familiar with post-conflict non-governmental organisations and work with the EU, the Department for International Development and the USA. Gaining experience before we go in—that is my vision. Believe it or not, all that is happening today in Afghanistan thanks to our military, not by design but by accident. No one else is doing it.

Mr. Kevan Jones *indicated dissent.*

Mr. Ellwood: The Minister shakes his head, but the mosque in Musa Qala is being built not by the Department for International Development, the EU or the UN, but by Royal Engineers. Why? Because that is exactly what they want to build, because the locals want it. We lost the town once before because nothing was happening. The Royal Engineers got frustrated, so they did things themselves. Let us acknowledge that no one else is better positioned than our military to do such work in that small window of opportunity of about six months to a year. After that, we could hand over to the many organisations that do such a wonderful job in those areas.

As I suggested, I envisage the unit as a brigade-sized one. That is the minimum size required if it is to be able to dovetail into the operational environments in which we are involved. I would leave the Ministry of Defence to determine the detailed make-up, but I would see a massive contribution coming from the Territorial Army, who have myriad skills. I am thinking not only of bricklayers and so forth, but of civil servants from the local council who could be TA-trained so that they could look after themselves in a dangerous operation and go straight to the local jirga to explain how to set up a simple council, for example. That is the energy that I would like to be put in, but that does not happen at the moment.

I turn to the long-term objectives. So important is a stabilisation force that I envisage a two-tier echelon developing in the UK. The first would be the combat brigades and the second would be stabilisation forces. Brigades would rotate, playing a similar role, so that there was a firm understanding of the importance of their work.

The first thing that will be asked about my plan is where the money would come from. DFID has a massive budget of £5 billion; the cost of being in Iraq and Afghanistan is £9 billion already. The capitation costs of a brigade is about £100 million a year. I envisage a small proportion of DFID's £5 billion budget being taken away; it would be for humanitarian aid, but it would be given to the MOD so that it could establish a brigade-level stabilisation force to do the work.

General Petraeus said that our objective should no longer be to defeat the enemy, but to enable the local. That is taking rather a long time. It did not happen in Iraq and it is taking far too long in Afghanistan. There has been a revolution in how we conduct war; we have moved from operating on a cold-war basis to doing so on a counter-insurgency basis, and we require the same revolution in our peacekeeping capabilities. The US is doing exactly that, but the UK Government Departments continue to pursue separate agendas and territorial battles over funding. The consequence has been inefficiencies and delays in following our armed forces in their efforts to provide a secure enough environment for stabilisation work to begin. If we as a country are willing to step forward when other countries hesitate in order to support democratic values, defend borders and challenge rogue states, then we must have the right tools not only to fight wars but to keep the peace.

5.29 pm

Mr. Gerald Howarth (Aldershot) (Con): I first join other hon. Members in welcoming the new Secretary of State to his post. Like me, he not only has responsibility for defence matters in this place but has a large BAE Systems facility in his constituency. I, for one, make no apology for that, and I am sure that he will not either, but he will need to judge matters carefully when he comes to make his decisions.

I welcome back to the House my hon. and gallant Friend the Member for Westbury (Dr. Murrison), who was unable to attend our previous debate because he was serving abroad with the Royal Navy in his capacity as a reserve officer. It is good that this House has hon. Members who are able to continue to serve their country in the way that he does.

We have had another well-informed debate—so much so that it will of course receive no attention from our friends in the media. Frankly, we might as well operate under Chatham House rules for all that it matters to them. I was most impressed by many of my hon. Friends' contributions. It is a pity that at one point we were down to just one Labour Back Bencher. Many Labour Members participate in the armed forces parliamentary scheme, take an interest in defence and have defence interests in their constituencies, and I suggest to the Minister of State that he might try to encourage more of them to join in these debates.

[Mr. Gerald Howarth]

We heard excellent speeches from my hon. Friends the Members for Gravesham (Mr. Holloway) and for Bournemouth, East (Mr. Ellwood), who have been in theatre recently. My hon. Friend the Member for Woodspring (Dr. Fox), the shadow Secretary of State, has been delighted to receive so many plaudits for what was clearly an excellent speech. We were pleased to welcome my hon. Friend the Member for Wycombe (Mr. Goodman), who is a newcomer to our debates. We look forward to hearing from him again. He made some extremely important points, as did my hon. Friend the Member for Bournemouth, East, about the importance of winning hearts and minds. All that I can do is to refer my hon. Friends to the excellent speech that my hon. Friend the Member for Westbury made yesterday in Westminster Hall. My hon. Friend the Member for Bournemouth, East referred to a reconstruction and stabilisation force, and rightly paid tribute to the role of the Royal Engineers as combat engineers. I have Gibraltar barracks in my constituency, and I am acutely aware of the important part that they are playing on the front line.

In the debate earlier this month, I pointed to the new geopolitical situation, particularly to the new assertiveness on the part of Russia following its spectacularly successful invasion of Georgia, its claim to large swathes of the Arctic, and the rebuilding of its military capability. Earlier this week, several of us met former Russian Prime Minister Mikhail Kasyanov, whose assessment that Russia is returning to the more authoritarian style of the Government of the old Soviet Union confirmed my growing fears.

However, it is not just a resurgent and assertive Russia that we need to note. At the risk of being accused by the hon. Member for North Devon (Nick Harvey) of waxing lyrical on the plethora of alternative threats, I would like to refer to some of those already mentioned by other hon. Members. As Rear Admiral Chris Parry—who until recently was development, concepts and doctrine centre director at the Ministry of Defence—observed at the Jane's-Cityforum conference this week, the projected population growth from 6.7 billion to 9.2 billion by 2050 will intensify competition for resources, climate change may intensify migration, and ideological pressures are increasing. Some of those aspects were acknowledged by the Secretary of State. My hon. Friend the Member for Harwich (Mr. Carswell)—I agreed with him on this point—rightly said that we are in a state of flux.

Many hon. Members have referred to the immediate imperative to secure the best possible outcome in Afghanistan in the shortest possible time and, as my hon. Friend the shadow Secretary of State said, to establish clear benchmarks. However, there is a danger of becoming overly focused on that narrow objective. I well understand that today's commanders feel the need to optimise for the most likely scenario, but to abandon the ability to engage in large-scale manoeuvre operations would render the security of the United Kingdom vulnerable. When General Dannatt said last year that our capacity to meet the unexpected was "almost non-existent", that should have been a wake-up call. Like my hon. Friend the Member for Congleton (Ann Winterton), I welcome the investment in the new range of armoured vehicles for Afghanistan for which I and others called three years ago, although we await the details of which major programmes will be slashed in order to pay for this £700 million commitment.

I fear that we are at risk of losing key military capabilities, either because there is no time to train or because we lack the necessary equipment. We should be under no illusions. The regeneration of a lost capability will not be remedied overnight, so we need to prepare, which is what defence of the realm is all about. I shall give one example: anti-submarine warfare. With the contracting fleet of Nimrod aircraft available and the heavy commitment to surveillance in Afghanistan and Iraq, is the Minister satisfied that we have the requisite capability to respond to a threat that could be posed by Iran, for example, or by Russia's Akula II submarines, which I am told are extremely quiet and carry cruise missiles? As my constituent Richard Gardner, the editor of *Aerospace International* magazine, put it in this month's edition:

> "Even if the long delayed Nimrod MRA4 programme survives, the very small size of the fleet (perhaps now only 9 down from 21) will clearly be inadequate to provide more than a token maritime reconnaissance capability—just as submarine building resumes in Russia and many other countries."

Against the highly uncertain background to which many have referred in the two debates we have had this month, it is truly astonishing how this Government have slashed our military capabilities. I shall give some examples: infantry battalions have been cut by 50 per cent. from 107 in 1997 to 50 today; combat aircraft have been cut by 44 per cent. from 339 to 189; support helicopters have been cut by 33 per cent. from 77 to 52; and as we all know, destroyers and frigates have been cut by 30 per cent. from 35 to 25. As my hon. Friend the Member for North Essex (Mr. Jenkin) intimated, rumours abound about the prospects for further reductions in the equipment programme. For the certainty of the House and British industry, it is time that the Government made clear where the equipment examination is going and when they are going to report to the House about it. The hon. Member for Thurrock (Andrew Mackinlay) made the point that there is a lack of modern equipment to train on, and my hon. Friend the Member for Croydon, South (Richard Ottaway) rightly provoked the Secretary of State into committing to provide full cover for the carriers, and we will hold him to that.

On the issue of equipment, I was pleased to hear the Secretary of State say that he will give maximum support to the export opportunities that arise from Britain's defence industrial base. It is a pity he was not Secretary of State a year ago when the Defence Export Services Organisation was scrapped, as my hon. Friend the Member for Newbury (Mr. Benyon) rightly pointed out. That was an absolute disgrace. My hon. Friend pointed out that morale is low, and that some UK Trade & Investment staff have apparently refused to co-operate with the Defence and Security Organisation staff on moral grounds; we need to be told whether that is true or not. *[Interruption.]* The Minister says that that is rubbish, but the issue is very important.

As far as the defence industrial strategy is concerned, I am afraid to say that I fundamentally disagree with my hon. Friend the Member for Harwich. He is entitled to his view, but I have to put on the record that some of the things that he said about buying off the shelf are not

the policy of the Conservative party. The policy of our party is to ensure that we have sovereign capability over key equipment, such as the joint strike fighter, and his suggestion that the whole procurement programme is a corporatist, protectionist racket is very wide of the mark.

Moreover, for the benefit of those in Yeovil, to whom I spoke when I visited Westland 10 days ago, we feel that the Future Lynx is the only game in town. I hope that the Secretary of State will make a decision on that quickly.

Dr. Fox: Where's the Yeovil MP?

Mr. Howarth: My hon. Friend asks where the hon. Member for Yeovil (Mr. Laws) is. He waxes lyrical in his constituency about this matter, but he never turns up to take part in these debates, which is a great shame. I visited Yeovil; perhaps he would like to visit the House and participate in these debates.

Let me deal with personnel. We all rightly pay tribute to the calibre of our armed forces, but, as my hon. Friend the Member for North Essex said in a passionate speech, which I salute, a huge burden falls on members of the armed forces and their families. That is why national focus has shifted to the military covenant. It is important to remember that the covenant is not between the armed forces and the Government, but between the armed forces and the people. We are the representatives of the people, and it is our duty to ensure that the people fulfil their part of the covenant. We do it by pressing the Government to ensure that they deliver on behalf of us all, as the people, with whom the covenant is made.

The Defence Committee, so ably chaired by my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), drew attention to the relentless impact of operational tempo on the armed forces, especially the Army and Royal Air Force. Ten per cent. of Army personnel exceed the target of 415 days' separated service in any 30-month period. To put that in context, it means pretty much being away from the family for half the time in a year and a half—nine months. It is a huge commitment, which we need to appreciate. At the same time, 10 per cent. of RAF personnel exceed the 140 days in any 12-month period on detached duty. That is four times the target rate.

As at 1 September, the Army was 3,300 below strength—nearly 4,000 if account is taken of Gurkhas over the trained requirement of 3,000. The RAF is 1,260 short and the Royal Navy 1,360 short. The hon. Member for Thurrock and the hon. Member for Colchester (Bob Russell), who is proudly wearing his 16 Air Assault tie—as Aldershot was formerly the home of the Parachute Regiment, he and I share an affection for it—pointed out that an over-reliance on Commonwealth recruits has developed. In 1998, there were only 360—210 of whom came from Canada, South Africa, New Zealand and Australia. However, last year, there were no fewer than 7,240—more than 2,000 Fijians and another 1,850 from the Caribbean. The Minister should listen carefully to the points that Members of different parties have made about the extent of the over-reliance.

My hon. Friend the shadow Secretary of State and my hon. Friend the Member for Salisbury (Robert Key) pointed to the wave of liabilities that arises from the extensive injuries that our armed forces have sustained on operations. We are not only considering physical injuries—my hon. Friend referred to the work of Combat Stress. I pay tribute to the work of my hon. Friend the Member for Newbury for Help for Heroes—I am proudly wearing its bangle, as does almost every Army officer I meet. Those charities do a fantastic job, as do the Army Benevolent Fund, the Royal Air Force Benevolent Fund and others. It is not all Help for Heroes, great though that charity is. They all do fantastic work.

Combat Stress has 8,000 people on its books, with 1,160 new referrals so far this year—a 16 per cent. increase on last year. That is a serious matter, and the nation must step up to the plate to meet those people's requirements in future. We, as parliamentarians, cannot allow the issue to be ducked. I hope that the Minister has heard the words of my hon. Friend the Member for Newbury. Corporal Burbidge and his friends should be found a role in the military. I am sure that it is possible to do that.

I conclude by referring to the Ministry of Defence's annual report and accounts for 2007-08. They reveal:

"For every one of the last 7 years the AF have operated above the level that they are resourced and structured to deliver. Achieving this has only been possible at the expense of the readiness of the AF to undertake contingent operations, and with an unavoidable impact on service personnel... The force structure cannot sustain indefinitely the nature, scale and intensity of operations being conducted in Afghanistan and Iraq over the past two years."

The Secretary of State says that his military advisers assure him that that can be managed. However, as my hon. Friend the Member for North Essex said, the indictment by the Ministry of Defence of its own conduct seriously undermines its claim to have a coherent policy. If we add into the equation all the potential threats that could be out there, which I enumerated earlier, we can see that our capacity to meet the unexpected is almost non-existent. Our capacity to meet a major threat is non-existent, because we do not have the force structures to deal with one; we have been limited to the force structure that we now have for expeditionary operations.

As my hon. Friend the Member for Salisbury said, our duty to the nation is to point out the potential risks to our freedom and security. The people must then decide what role they want the UK to play in the world. We cannot continue to say, "This is what needs to be done, but here is a budget that we know is inadequate for the job." That is why we shall have a defence review immediately after the next general election. I make no secret of the fact that I would relish the challenge posed to the current ministerial team by my right hon. Friend and neighbour the Member for North-East Hampshire to inspire the nation to understand the importance of defence in the maintenance of the freedom and prosperity of these islands.

5.45 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): Once again we have had an excellent debate. However, I do not have time to respond to all of the many valid points that have been raised in every corner of the House—a very knowledgeable House—about defence policy.

In thinking about how to respond to the debate, I decided that I ought to start by at least trying to reply to the point made by the Chairman of the Select Committee,

[Mr. Bob Ainsworth]

the right hon. Member for North-East Hampshire (Mr. Arbuthnot). He raised the point, which is raised with us repeatedly, about the level of understanding of defence issues, of our armed forces and of the operations in which they are engaged not being as high as it should be. We all bear a responsibility to address that. It is not only the ministerial team who need to try to explain and inspire, but every one of us. When we consider the efforts being made, it is the responsibility of all of us in the House to explain the dangers, the sheer hard work undertaken on our behalf by our armed forces and all the associated defence issues.

Having quoted Pericles, the right hon. Gentleman descended into some despair, but I do not accept that the people are foolish. We have come a long way, even in the past year, in terms of people's level of recognition and understanding of armed forces issues. I have noticed that, and I do not think that it is just because of where I stand. The people have moved and developed a greater understanding of defence issues and our armed forces. The work done by the Under-Secretary of State for Defence, my hon. Friend the Member for Grantham and Stamford (Mr. Davies) helped in some small measure to focus that increased recognition. *[Interruption.]* I know how he is loved by those on the Opposition Benches, so I thought that I would throw his name in.

We have made progress on such issues, but we need to do more. My hon. Friend the Member for Thurrock (Andrew Mackinlay) talked about the need to commemorate past sacrifice and past wars and operations. I do not think that we do nearly enough to educate our people about our military history and try to ensure that they understand and can ground where we are now from our history. We ought to make more effort in that regard.

The right hon. Member for North-East Hampshire related that lack of understanding to our current operations in Afghanistan. Again, I agree that a lot needs to be done to make people understand not only why we are there and what we are doing, but the massive military complexities of the theatre of operations and the huge political complexities, which in many ways are even more difficult than the military ones.

I do not think that anyone expects the task in Afghanistan to be easy. All the parties represented in the House recognise and accept that we need to do it. Although it is very nice—and something that we ought to do—to try to build the Afghan nation, to try to give the Afghan people basic rights, to try to enable Afghan women to go to school and to try to stop the mediaeval nonsense that comes from the Taliban being imposed on the Afghan people, the real reason that we allow our young people to go there, and sometimes to die there, is that it is in our vital national interest to pursue this issue. We therefore have to try to increase people's levels of understanding.

I wish that, when one or two Members of the House visit the Afghan theatre—or any other theatre, for that matter—they would go there with at least a half-open mind. Some of the comments made by the hon. Member for Bournemouth, East (Mr. Ellwood) appeared to display a prejudice, rather than a half-open mind. I would have hoped that he would have least looked at some of the achievements. Of course, a lot of those achievements have been delivered by our troops in highly dangerous environments—

Mr. Ellwood *rose—*

Mr. Ainsworth: I am not going to give way to the hon. Gentleman.

A lot of those achievements have been delivered by our troops in highly dangerous environments, where only they can do the reconstruction. They know that, and they know that it is about inspiring people, about winning hearts and minds, and about winning people over.

Mr. Ellwood *rose—*

Mr. Ainsworth: I am not going to give way.

The troops do that work because no one else can do it in areas such as Musa Qala, for example, a few weeks after we took the town.

Ann Winterton: Will the Minister give way?

Mr. Ainsworth: I will perhaps give way to the hon. Lady in a while.

The right hon. Member for North-East Hampshire needs to do a bit of a job himself, in inspiring his own party. If we are genuinely going to explain defence issues to the nation, we need to start by not deceiving the nation over defence spending. Some Conservative Members on the Front and Back Benches, genuinely want a big increase in defence spending; I understand that. Some, however, repeatedly seek to give the impression that they are committed to that, but they are not. Their own party is not committed to any increase in defence spending. If we are going to try to explain, to develop a level of understanding and to inspire, we need to start with a little bit of honesty, do we not? When the leader of the Conservative party said that he did not back any of the Government's current spending levels other than the health spending level, I know that it upset a lot of people on his Front Bench. Let us acknowledge that. Neither the Conservative party nor the Labour party is committed to any increase in defence spending whatever. If we are going to inspire and explain, we ought at least to be honest.

Mr. Jenkin: I have the highest respect for the Minister, but will he be honest and tell the House exactly what the financial situation is in the Ministry of Defence? It is an open secret that he has not got the money to fulfil the equipment programme that he says he is committed to, and we are now reading in the papers that a big programme is going to be cut. The Secretary of State might not have used those actual words, but that is clearly the impression that he left with *The Sunday Times*. When are the Government going to be honest about the real situation?

Mr. Ainsworth: There are many challenges in the defence budget, as the hon. Gentleman knows. Our people are stretched, and they have been working at above capacity in recent years. We do not deny that. I know that he honestly believes that we ought to commit

to a huge increase in defence spending. Equally, however, he knows that his own party is not committed to such an increase.

Linda Gilroy: Does my right hon. Friend agree that we all bear a responsibility to exercise self-discipline when we talk about these things, and that it is particularly important that the Opposition should not play into the propaganda war that is going on in Afghanistan?

Mr. Ainsworth: My hon. Friend is right. There is misinformation and, on the odd occasion, mischief. It does not help us to develop an understanding and to convince people that our operations in Afghanistan are in our vital national interests and that we need to proceed with them.

A number of hon. Members mentioned helicopters. The hon. Member for Woodspring (Dr. Fox) accused us of having a chronic under-availability in air capacity. I hope he recognises that there has been a 60 per cent. increase in the number of helicopters in the Afghan theatre. The main increase has been in the number of Sea Kings, which are now fitted with the new rotor blades that enable them to operate. Eight additional Chinooks are being modified, and we have bought an additional six Merlins. If we get the transition in Iraq that we are all hoping to see in the near future, it will potentially make the Merlin fleet available for use in the Afghan theatre.

The hon. Gentleman asked what we are trying to achieve on piracy and about additional capacity. Our motives for getting involved in the European operation are to increase the capacity that is available to deal with the pirate problem off the east coast of Africa and to capture the political will of our allies. We are going to be able to ensure that there is no conflict with the operations of Combined Task Force 150. By providing the command structure ourselves from Northwood, which we have offered to do, and having provided a contribution towards the European security and defence policy operation on piracy, we should be able to ensure that the operations are complementary. It gives us a lot more capacity for dealing with piracy than we would otherwise have. HMS Northumberland is on station, armed with beefed-up rules of engagement and able to take on the pirates, and to confiscate and destroy their equipment.

Issues to do with decompression were raised. The hon. Gentleman made us aware of some grades in the Foreign and Commonwealth Office who have decompression capabilities available to them. I do not know what decompression is available to Members of Parliament when they leave theatre, either. Our people have a six-month tour of operation. They get rest and recuperation. We have introduced decompression for very good reasons. I hope that we can keep that up, develop the thinking behind it and ensure that we use that decompression methodology to minimise the stress on our personnel coming back from theatre.

My hon. Friend the Member for Thurrock raised an important issue at this time of year: parcels and post for theatre. We have tried to discourage people from getting involved in the generous acts that they want to participate in because of the consequences that inevitably flow from them. Our people in theatre want to receive parcels and messages from their loved ones at Christmas. We have got the free post facility for them. If the system is swamped by unnamed packages, it inevitably delays what is most precious to the people who are spending Christmas in theatre.

We are trying to develop other schemes and methods whereby people can show their appreciation. There are voucher schemes and the uk4u charity. The Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), is looking at how else we can enable people to show their appreciation to the troops at Christmas time without creating the unforeseen circumstance that unsolicited mail creates of blocking that which is most precious to our people—messages and parcels from their loved ones.

My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) raised the issue of Devonport, inevitably and yet again. We are committed to the sustainability of the royal naval base at Devonport. We know that submarine work alone will not provide that. We need other depth work to smooth the workload there. We are committed to delivering that. On top of that, flag officer sea training and the amphibious expertise will be based, kept and maintained at Devonport.

It being Six o'clock, the motion lapsed, without Question put.

Mole Valley (South East Plan)

Motion made, and Question proposed, That this House do now adjourn.—*[Chris Mole.]*

6 pm

Sir Paul Beresford (Mole Valley) (Con): I am delighted to have the opportunity to raise this issue again. I am also delighted to see the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan), here—probably more delighted than he is to be here, or indeed to see me here. This is a continuation of a very broad debate that began in Westminster Hall about a week ago, which raised many concerns and questions. Because we were desperately short of answers to those questions then, I shall leave the Minister plenty of time to answer them now. He nods; I am sure that he will fulfil my every wish.

The Mole Valley constituency borders London. It contains large areas of green belt, which are London's lungs. It consists of almost all the Mole Valley district council area, and five eastern wards of Guildford council. It also contains very large areas of outstanding natural beauty, special protection areas, special areas of conservation, commons and farmland. It contains two small towns and perhaps 32 separate villages—at least, they are separate at the moment—and there is a deep desire in the area to retain them as separate communities. That is recognised in the draft plan, even if it is contradicted by other parts of it. If we ignore genuine gardens, including back gardens, there are very few genuine brownfield sites to be included in the plan for growth.

I accept that more homes are needed. I became very aware of that when as a Minister, back in 1997, I saw and understood the house projection figures. Mole Valley and, indeed, Surrey as a whole generate their own increases: children leave home and look for somewhere to live, grandparents are much more independent than they used to be, and the divorce rate is fairly high, which means two homes rather than one. There has been immigration into the area from elsewhere in the United Kingdom and from abroad, as people have come to the area looking for work.

Over the years, both Mole Valley district council and Guildford borough council have enabled considerable growth to take place. In fact, I believe that both councils are more than meeting their current housing requirements. Almost all those gains have been what we call windfalls: building in back gardens, the demolition of a single house and the building of two or three houses in its place, or the demolition of several neighbouring houses and the building of a small group of new houses—or, in some cases, relatively low-rise blocks of flats.

In our part of Surrey, green-belt areas, areas of outstanding natural beauty, commons and the like are considered sacrosanct, and any suggestion of encroachment prompts an almighty and united protest—the sort of outcry, as I told the Minister in the Westminster Hall debate, that there would be in his constituency in the event of proposals to build on Tooting Bec or Tooting Graveney common, Garrett Green or Tooting Gardens. I probably know those sites as well as the Minister does, and I am sure that he would be manning the barricades hand in hand with his very popular local authority to defend them if there were any proposals to build anything at all on them. We will see the same effect in Mole Valley if a threat is posed to any of those green-belt and other special pieces of land, but it is there in the plan.

There was deep concern about the initial figures in the South East England Regional Assembly's draft plan, but there is now absolute horror at the increase proposed by the Government inspector, and at a number of other changes apart from those straight numbers. For example, the figures are now not a target but a floor. There is an implied acceptance that some of the green belt must go, along with a refusal to accept the windfall growth that I mentioned earlier.

As I have said, the growth of recent years has resulted from developers purchasing large single properties, or making an amalgam of small purchases, in order to demolish them and build additional properties. A sensible prediction of windfall growth can be made, and should be allowed to be built into the response from local authorities. No large disused industrial sites, or even moderately sized brownfield sites, are easily available. If windfalls cannot be included, and if the targets—or floors—remain, precious green-belt land will have to be lost and settlements or villages will have to be amalgamated, although that is contrary to the plan.

The Minister for Housing, the right hon. Member for Derby, South (Margaret Beckett), on Monday accepted in the Select Committee that the windfall houses should be taken into account. She said that they are

"housing additions from whatever source they come."

On a more basic point, many feel that the population growth prediction is highly questionable. For example, there seems to be no account taken of outward migration. Further, there is a respectable theory that constantly to supply in an attempt to meet demand simply encourages increased demand.

I am deeply concerned that there appears to be little or no effort to use the planning system and other systems within the Department to encourage job growth in slow employment areas. The provision of jobs in northern deprived areas would help to reduce immigration and housing demands in the south-east. Recently, huge funds for RDAs, which could have been used in that area, have been moved forward to this financial year for housing budgets: £25 million from next year and £275 million from 2011-12. These funds could have been used to ease the pain in the south-east and the north. It is obvious that more houses mean more people, and more people mean more demands on the roads, greater demands on the health services and huge and increasing demands on education and police.

Some years ago, when the former Deputy Prime Minister made one of his rare visits to his own Department's Select Committee, the infrastructure issue in the south-east was raised, specifically in relation to the anticipated south-east housing numbers. The right hon. Gentleman agreed that housing development and improved infrastructure should move hand in hand.

Secondary schools in Mole Valley are overflowing and children are being bussed miles to get an education. The county has no school capital funds and road improvement plans have been shelved because there is no money. Hospitals, rather than being improved and enlarged, have been threatened. There are three serving my constituency and we have had to fight to save them. Two have been saved, but there is still a big question mark over one.

My requests to the Minister tonight—he can take these away to the Minister for Housing—are as follows: first, to rethink and reduce the figures to below those of the original SEERA draft, at the very least; secondly, to allow windfalls to be taken into consideration; thirdly, to ensure that the green belt, areas of outstanding national beauty, special protection areas and special areas of conservation and commons in the south-east remain sacrosanct; and fourthly; that finance for Surrey's education, transport and hospitals be allowed to grow to meet even those new reduced housing targets.

The Minister for Housing appeared to show some understanding of the issue at the Select Committee, and I would be grateful if the Under-Secretary took this message to her. I left an area of New Zealand that was spectacular—the "Lord of the Rings" area. The Minister may have seen the films. It gives me enormous pleasure to take New Zealanders from that area, who are so proud of their scenery, to the Surrey hills. They, equally, are stunned by what they see. Those hills must not be concreted over.

6.9 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): It is a pleasure to be able to respond to the hon. Member for Mole Valley (Sir Paul Beresford). I had the pleasure of taking my wife and two daughters to New Zealand so I have seen for myself what a wonderful country it is. I also spent some time in his patch when I was a student, so I also realise what a wonderful constituency he represents. He knows that we have something else in common: he was the leader of Wandsworth council, on which I was a ward councillor for 12 years. He will recall the banter we exchanged in a Westminster hall debate last week about some of his legacy, as seen in my surgery each week arising from the crisis faced by those on the housing waiting list.

I have listened to the hon. Gentleman's speech today, and to the contributions he and other Members made to last week's Adjournment debate on the south east plan to which he referred, and I am aware of the concerns he has raised and the reasons for the passion exhibited by him both today and during last week's debate. We recognise the sensitivities and genuine concerns he has raised, and I for one would not accuse him of nimbyism at all.

Given the importance the Government attach to regional spatial strategies such as the south east plan, the hon. Gentleman's interest in it is very welcome, as is this opportunity for me to address some of his concerns. I shall deal with the specific points he raised, but let me first deal in summary with the general issues raised both today and in last week's Adjournment debate. They centre on the proposed level of housing and especially the implications that may have for the green belt—the lungs, as the hon. Gentleman called it—and on whether there will be sufficient social, physical and other infrastructure to support the required level of growth. The hon. Gentleman will be aware that I am unable to discuss individual proposals such as housing numbers or the consultation process that ended only last Friday at 5 pm, or the role that my Department and the Secretary of State play in the planning process. However, I shall try to address as many points as I can, and to demonstrate to the hon. Gentleman that we are sensitive about, and alive to, the points he has raised, and that we are listening.

On housing numbers, let me first make the observation that during the past 30 years there has been a nationwide 30 per cent. increase in the number of households and a 50 per cent. drop in new house building. For the avoidance of doubt, it is worth reminding ourselves that for the vast majority of those years the country was under a different Administration—and that the hon. Gentleman was a junior Minister during three of those years. Therefore, if blame is to be apportioned for the lack of houses built over the past 30 years, it is clear where the majority of it should lie.

It is also worth stating that the average age of a first-time buyer in the south-east is now 33. As importantly, there are more than 200,000 households on council waiting lists in the south-east, and that does not take into account those individuals and families who do not bother to put their names on the list because there is no realistic prospect of their being rehoused. Moreover, there are more than 7,500 homeless households living in temporary accommodation in the south-east—some of them might even be living in Mole Valley. The panel recommended that there should be 32,000 dwellings a year; the proposal is for a modest 4 per cent. increase to 33,125 dwellings a year.

People have talked about the current short-term international economic conditions. Affordability has been a serious long-term problem for many people in the south-east, and without action it will remain so, but we hope that we will soon get over this blip. The hon. Gentleman will be aware of the comments made by my right hon. Friend the Minister for Housing about the steps we are taking to try to get out of this turmoil sooner rather than later, but what we should not be doing during this economic downturn is denying our children the opportunities we have enjoyed in relation to housing, or the opportunity to purchase a home. Let me emphasise that we are talking here about our children—including those of the hon. Gentleman, the people who visit his surgery, and those who have objected to the plan.

The hon. Gentleman gave examples of situations in which there might be a need for additional housing, such as when marriages end in divorce, so creating a requirement for two homes rather than one. Most of the growth and development needed in the south-east over the next 20 years is a result of indigenous change or the symbiotic and nationally important relationship the region has with London. He made the point that his constituency should not have to share the burden of the London overspill. The Government recognise that ensuring that the right houses are built in the right places at the right time will not be easy, but we cannot and have not ignored that responsibility, and we take it seriously. The proof of that it is in what has happened in recent times. We have spent £700 million on increasing affordable housing in the south-east alone in the past two years, and in the next three we will increase that package to £1.24 billion. Even more will be spent via the housing rescue package announced in the House on 2 September.

We recognise the need for new housing for those who want to get a foot on the property ladder, including the sons and daughters of the constituents whom the hon. Gentleman mentioned. Our challenge for the future is

[Mr. Sadiq Khan]

how we balance the interests of the current generation with those of future generations of people who will need homes. Their voice seems not to be heard during debates at local, regional or national level. That is why it is important that local authorities, MPs and other stakeholders across the south-east work to address housing provision. We cannot put our heads in the sand and walk away from the issue, and this Government certainly will not, as that would be hugely irresponsible. The means of achieving the right balance between current and future generations is the adoption and implementation of regional strategies such as the south east plan, although one size does not fit all.

The hon. Gentleman mentioned the green belt and gave the example of the outrage that there would be in Tooting were the local authority to build on metropolitan open land such as Tooting Bec common. Putting aside where the housing goes, if only Wandsworth council had made provision for social housing over the past 30 years, that would have been wonderful. However, comparing building on metropolitan land such as Tooting Bec common with what is envisaged in the south east plan is, frankly, disingenuous, unfair and misleading. I know that the hon. Gentleman would not want to mislead the Chamber about what we are planning, which is why it is important to clarify the matter.

As I stated last week, the green belt remains an important part of national policy, and the Government continue to place great importance on the correct application of the long-standing policy in planning policy guidance note 2. Proof of that commitment can be found in the important fact, which I mentioned last week because people often neglect to mention it when they make objections, that the green belt has increased by about 33,000 hectares since 1997 and now accounts for about 13 per cent. of England's land mass.

Sir Paul Beresford: I have heard those figures before, and the Minister is right, but they are national, not for the south-east. The problem at the moment is that the south east plan implies that there is a threat, through a review, to the green belt in the south-east. I am particularly concerned about Surrey and, of course, my constituency.

While I have a moment, I think that I could argue with the Minister about the number of houses provided by Wandsworth council, but that is not part of the debate.

Mr. Khan: I would like to respond to the hon. Gentleman's point about the south east plan and the green belt, but he will be aware that I am unable to. The consultation ended on Friday and we are reading the responses very carefully. I can respond generally, however.

If the criticism is that we do not respect the green belt, that we do not understand the policy or that we have been reckless in the suggestions in the south east plan for where housing should go up, that is not true. The Government are committed to the creation and maintenance of sustainable communities within urban and rural areas, and national policy is intended to assist in the delivery of the land use and development needed by communities to achieve that. The hon. Gentleman will appreciate that I cannot comment on the details, but I can again confirm that the Secretary of State considers that her proposed changes, which would protect the general extent of the green belt in the south-east, strike the right balance between the continued application of green belt policy, the ability of planning authorities to address local issues and the need to create and maintain a network of sustainable communities. For the avoidance of doubt, let me be clear that as part of their responsibility to current and future generations, local authorities must make the difficult decisions about the most sustainable locations for the growth and development that we need, and then plan for its delivery.

The hon. Gentleman mentioned infrastructure. He will know that last week, we heard much about the need for infrastructure before expansion—the so-called "i before e". I acknowledge the importance of, and need for, infrastructure of all types. Because of that need, the Government have invested considerable sums in public sector infrastructure across the south-east. I have already mentioned the £1.24 billion devoted to affordable housing, but we have also increased public expenditure on transport in the south-east in the most recent five years, from £1.9 billion to £2.3 billion, and health expenditure was more than £11 billion in 2006-07—

Sir Paul Beresford: I appreciate the figures that the Minister has given. I am sure that they are correct, but they are for the south-east. If he examines the situation in Surrey, he will see what I meant about there being no growth and no expenditure; its police have the lowest per capita grant, per policeman and policewoman, in the country. They cannot run a service for an increased population if they do not get better funding.

Mr. Khan: Our settlements are on a three-year rolling programme. That sort of lobbying raises important points that should be made during the next spending review, and they will be taken into account. The hon. Gentleman knows that the capital reviews also take those things, including population growth and poverty indices, into account.

I could cite other examples of increased investment in the south-east, although the hon. Gentleman might complain that such an approach would not deal specifically with his constituency over the last period. I can tell him that there has been more spending in his constituency over the past 11 years than at any time in history. I am happy for him to challenge me on those facts, should he wish to do so.

This is not just about spending money; it is not as simple as "i before e". Raw demand should not be the sole determinant of whether there is housing growth, nor should we assume that patterns of demand will stay the same. That is why the Department for Transport has been clear that the long-term way in which to deal with congestion is not necessarily to build more roads, but to plan holistically and to consider demand management. That basic model applies to energy and water supply, and to any other resource that we use.

Next year, we will introduce the community infrastructure levy system, which will allow local authorities to raise and spend, in a timely and efficient manner, considerable sums within their own areas on the infrastructure that they demonstrate is necessary. Some of the concerns made by the hon. Gentleman will be resolved by the CIL. We are committed to supporting the necessary infrastructure investment to deliver increased growth, including housing, and we are putting in place the processes and funding to deliver on that commitment.

Sir Paul Beresford: I am sorry to interrupt again, but although the CIL will be collected locally, it will then be held centrally for distribution centrally. That does not mean that when Mole Valley, Guildford or Surrey collect the money they will see any of it—experience of how this Government have distributed funds leads me to believe that they will not see it.

Mr. Khan: I do not accept that the hon. Gentleman's constituents will not see the fruits of the fund. The CIL will be a new charge that local authorities, such as his, will be empowered, but not required, to charge for infrastructure on most types of new development in the area. He will be aware that it will be possible to spend the money locally, if his local authority wishes to do so. If it decides to set a low charge, because it wishes to encourage developers, that will be its choice. His experience as leader of Wandsworth council means that he will be aware that it did not intervene to require any planning gain from developers and did not wish to increase any of its local taxes, because it believed in providing minimal services to the residents in the borough. It is for authorities to decide, and we believe in empowering them to do so.

I wish to deal with three specific points that the hon. Gentleman raised, one of which concerns windfall development. He said that such development cannot be counted towards future housing supply, but that is just not true. My right hon. Friend the Minister for Housing would have confirmed that. Housing coming from that source will be counted, and in some areas windfall development will make a significant contribution to supply. A further point raised by the hon. Gentleman was that more houses mean that more people come into his region. We cannot put up walls, even around Mole Valley; of course some people will move in to take up jobs or to be nearer to work, and others will move out. More people move from the south-east to the north-east than vice versa. However, we do know, as the hon. Gentleman accepted, that many of the new households will be needed by the indigenous population, the sons and daughters of the constituents who now express concern about the south east plan.

The hon. Gentleman also suggested taking the pressure off the south-east by putting more housing elsewhere. Outside the Chamber, I suspect that the hon. Gentleman would accept that we cannot shift growth from the south to the north by changing where we build new houses, because that just ignores the economic reality. I know that he is a great believer in the market.

Sir Paul Beresford: I was actually referring to the movement of jobs and the role of the regional development agencies. From my own experience in a similar ministerial role, I know that when the jobs moved north, the people went with them. In the north, where the bulldozers were going to knock the houses down, there were houses available. The issue is not about building houses, but attracting people.

Mr. Khan: The hon. Gentleman is in danger of being the first Member of Parliament ever to encourage businesses to move away from his constituency, with all the implications that that would have. I take his point and he will appreciate that we can encourage businesses to go to certain areas of the country, but we are not in favour of being prescriptive about that.

Some 13,000 responses to the consultation are now being logged and they will be carefully considered, with any necessary changes being made to the plan before it is finally published next year. The Government recognise that there are no easy solutions and at the same time accept that there is no real alternative. Everyone thinks that their area is special, but no area can shirk the challenges it faces. While the current global economic conditions are a great concern, they will not last, but the legacy of the 20-year south east plan must be a lasting and positive one. Therefore, all of us—the Government, the regional assembly, the local authorities, local MPs and others—must take responsibility for delivering the development needed to create and maintain sustainable communities in the south-east, and we must all take responsibility also for ensuring that the south east plan plays its part in that task.

Once again, I congratulate the hon. Gentleman on raising this issue. He has passionately articulated the concerns of his constituents, and I hope that he will accept that we have listened.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes past Six o'clock.

Westminster Hall

Tuesday 21 October 2008

[MR. BILL OLNER *in the Chair*]

Higher Education

Motion made, and Question proposed, That the sitting be now adjourned.—*[Steve McCabe.]*

9.30 am

Derek Wyatt (Sittingbourne and Sheppey) (Lab): What a pleasure it is to see you in the Chair this week, Mr. Olner. While I am in such a good mood, may I thank the House of Commons Library staff for the enormous help that they have given me with this debate?

What are the critical questions that we should ask about higher education? Essentially, there are two. First, what are universities for? Secondly, how do we fund them? Let me try to answer the first question. When we had the debate about top-up fees, four years ago, we did not ask what we were funding. We went along the line of talking about providing more money for universities, instead of asking what we were providing the money for. I was interested in universities before then, because some history students in my constituency, at a respectable university, had not had a single essay marked in their third year. I began to ask what on earth we are paying for.

It is my contention that top-up fees have failed, because they have failed to make a market. We have approximately 165 university bodies in this country that can award degrees, of which all but a handful—three at the last count—charge £3,000 per student. So, in crude speak, a history undergraduate at Bournemouth is worth the same as a history undergraduate at Oxford, but that clearly is not the case.

Let me return to the original question: what are universities for? The Government have commissioned a plethora of reports and investigations on that question, in which they have been matched by the Russell group of universities. Will the Minister confirm in his summation that there will be a Green Paper on the future of universities and how they are funded before the House next agrees the parameters of top-up fees? That is critical, and they would be a beta-minus Government if that were not the case. I urge him to instigate a Robbins-esque review of the total university sector, and to have a mix including lifelong learning, the Open university, further education and the public library system. Our current HE model is seriously flawed, and it is time for us to have a grown-up debate about what we want for the university sector, after which we can decide how to fund it.

Let me try to help the Government to reach conclusions about what universities are for. In my book, they are for excellence not only in a UK context, but in the global environment. I recently went to China, and I have just finished my third visit to India. I am the lead IT person on the UK-India Education and Research Initiative team in India, and, last May, I took 14 academics to Bangalore and Hyderabad for a week. Interestingly, the universities that came were Imperial, York, Warwick, Kent and Greenwich, but not Oxford, Cambridge, Edinburgh or St. Andrews.

We need to get our major universities to think more globally about the space that they are in. Let me start with China, which has more than 1,000 colleges in its Academy of Sciences. There is an experiment involving three universities from this country—Liverpool, Nottingham and a cluster of north-eastern universities centred on Bradford—and a place 50 miles west of Shanghai. Extraordinarily, China will overtake the UK in the number of citations by its academics this year, which would have been unthinkable five years ago.

China and India's research budgets in higher education are beginning to dwarf our own. We could argue that they should, given their size and potential economic strength, but Germany has already recognised the threat and has increased its research budgets for higher education, while we have not. Under the current financial arrangements, we cannot increase research budgets, but our universities will stand still if that remains the case. It is notable that many of our competitors, such as America, Australia, China, India and Germany, are increasingly targeting resources towards developing or sustaining leading universities, realising the benefits of co-locating education and research in universities and the important contribution that universities make to top-level research. Due to high levels of central Government investment since 2003, China's 10 historic universities have been increasingly climbing the top-500 international league table rankings of universities, while our UK universities have remained steady. Data from the National Science Foundation in the United States show that 50 universities, comprising just under 8 per cent. of the 650 institutions there, have spent more than $150,000 on science and engineering research and development, accounting for 59 per cent. of federal research funding in 2006, with the top 20 universities accounting for about a third of funding.

The HE lobby has an emotional caché in Whitehall, but it is time for some detached thinking. Let us look at some tables. In the university of Shanghai's top-500 world university rankings, Cambridge is fourth, Oxford is 10th, University college London is 22nd, Imperial is 27th, Manchester is 40th, Edinburgh is 55th, Bristol is 61st, Sheffield is 77th, Kings is 81st, Nottingham is 82nd and Birmingham is 91st. In that list, we have 11 universities in the top 100 in the world, but if one does not like Shanghai's criteria, one can come closer to home and look at *The Times Higher Educational Supplement* list, which was published last week. It puts Cambridge third, Oxford fourth, Imperial sixth, UCL seventh, Kings 22nd, Edinburgh 23rd, Manchester 29th, Bristol 32nd, the London School of Economics 66th, Warwick 69th, Glasgow 73rd, Birmingham 75th, Sheffield 76th, York 81st, St. Andrews 83rd, Nottingham 86th and Southampton 99th. That list puts 17 of our universities in the top 100 in the world. If excellence is our watchword for the university sector, how can it be that we have only 11 universities in the top 100 of the Shanghai list and only 17 in the *THES* list? Are all our universities pursuing excellence as their watchword?

David Taylor (North-West Leicestershire) (Lab/Co-op): I do not want to generate complacency, but it is not a particularly bad record for a nation with fewer than

[David Taylor]

1 per cent. of the world's population and about 2 per cent. of its gross domestic product to have 17 per cent. of the places in a league table of excellence. That is not a bad track record, is it?

Derek Wyatt: It was not a bad track record, but it is static. Other universities in Europe, the far east and America are putting more into research and are going up the league tables faster.

Let me come back to my original question: what are universities for? Are they too introverted? Do they measure themselves only in relation to the UK? Should the Higher Education Funding Council change its perspective and adopt a global set of rules? I think that it should. In business, successful brands eat up other brands. Is there a role for a top-10 of global universities in the UK to be established, leading to a series of mergers and acquisitions? My sense is that Russell group membership needs to be halved. The fact that there is not a top-100 university in Wales or Northern Ireland should be of concern. Should we establish tougher criteria and double our research budgets for the top 10 universities in the UK? Is there a role for our top-10 universities to become chief executives of a cluster of other universities? How can we increase and improve the other universities? There seem to be no such plans afoot.

Dr. Ian Gibson (Norwich, North) (Lab): I have a passion for this subject, as my hon. Friend knows, and the scars to show it. The assimilation of such figures is difficult to assess, because we do not know what basic factors are relevant when the league tables are produced. Does he agree that one such factor, which he might mention, is the research assessment exercise in this country, which is linked to the amount of money that each university gets? That money is oriented around the golden triangle, whereas Leeds, Hull and others do not get it, which may act as a suppressant. It is possible that the issue is not the total sum of money, but its distribution by our RAE, which many academics do not like and think unfair. Although there have been changes, that still goes on.

Derek Wyatt: It is fair to say that despite the low level of research money we are putting in compared with Germany, India or China, we seem to box above our weight. That reflects what my hon. Friend the Member for North-West Leicestershire (David Taylor) has said.

Bob Spink (Castle Point) (UKIP): The hon. Gentleman is making some interesting points, but he is overstressing the negative side. We have only 1 per cent. of the world's population, but we produce 13 per cent. of the highly cited scientific papers and attain 10 per cent. of world research prizes. We received 44 Nobel prizes in the last 50 years. We are therefore punching well above our weight, pound for pound. We ought to celebrate that. Instead, we must focus on whether the right number of people in this country are going to university, given that that has increased fourfold since I went to university.

Mr. Bill Olner (in the Chair): Order. The intervention is too long.

Derek Wyatt: I hear the hon. Gentleman clearly.

I will take the London School of Economics as an example. It is one of our truly magnificent places of learning, but it has had greatly to increase the number of postgraduates it takes from overseas to balance its books. It cannot increase the number of undergraduates, because of the capping that the Higher Education Funding Council has placed on it. With respect, that is nuts. One of the great places of learning in the world is restricted in the number of undergraduates it can take by HEFC. The balance is wrong.

Let me come to a conclusion on excellence. Every university should have its own level of excellence, but not every university can have the same level when there are 165 universities. It is time to be brave and break the universities down into three strands. We should resolve to create 10 global universities. Under that, we should have 20 national universities of great significance. Under that, the rest should become regional centres of excellence, combining lifelong learning, the Open university, further education and our public library institutions.

Once we have defined what it is we agree to be excellence, we can move on to how we fund universities. Clearly, such a spread of universities could not be funded in the current way. Global universities would need to charge a market rate, with a maximum fee of £10,000. National universities should have a top-up fee of up to £6,000 and for regional universities it should be up to £3,000. In all cases, there would be a sliding scale of fees for students. There would not be a set fee for everyone, but fees would be based on ability to pay. That would be similar to the system for educational maintenance allowance for 16 and 17-year-olds in our secondary schools. Fees would therefore be redistributive, which is exactly what we want in this party.

I started by asking what universities are for, and I gave the answer of excellence in the global market space. I then asked how we should fund them. I have suggested that we break down the monolithic 165 universities into three groups, that we fund them differently and that we ask questions of them differently. I hope that I have started a debate and I look forward to the participation of other hon. Members.

9.43 am

Mr. Mark Lancaster (North-East Milton Keynes) (Con): It is a pleasure to contribute to this debate under your chairmanship, Mr. Olner. I begin, of course, by congratulating the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) on securing this debate. He has a reputation for showing a great deal of interest in higher education and that was demonstrated in his opening speech.

I am proud to be the MP who represents the Open university in Milton Keynes. It is the UK's only university that is dedicated to distance learning. Approximately 180,000 students currently study with the OU, meaning that more people study with it than at any other university in the UK. It has students in every single UK parliamentary constituency. It truly is the United Kingdom's own university.

I wish to ask the Minister a number of questions. I congratulate him on his new post. He may be aware that in January, before he took his post, I tabled early-day motion 317, which I think was signed by all hon.

Members in this Chamber, with the exception of the Minister. It highlighted the impact of the Government's decision on equivalent and lower qualifications. While I do not want to go back over old ground, it is worth highlighting some of those concerns and looking towards the future.

My comments will be brief because other hon. Members wish to contribute. I will focus on the part-time sector. The Open university has been badly affected by the ELQ decision, but is doing its best to adapt its business model to a post-ELQ environment. The Government are supposedly committed to lifelong learning, yet approximately 29,000 Open university students across the country have been affected by the withdrawal of funding for ELQs. It is clear that the ELQ policy has frustrated attempts to enable people of working age to update and broaden their knowledge and skills in line with the changing needs of the economy and society more generally.

Some 68 per cent. of Open university ELQ students are over 35. Most can therefore be assumed to have degrees that are at least 10 to 15-years-old and in need of updating. Crucially, the policy will withdraw Government support for most graduate development. At the OU, most ELQ students are studying business studies, mathematics, computing, technology, science, education and languages – just the sort of skills the Government claim to encourage.

Higher fees for ELQ students will create a disincentive to carry out continuing professional development and the genuine risk that the main economic benefits of continuing professional development will be lost. It is perhaps worth reminding hon. Members that, contrary to popular belief, most ELQ students pay their own fees. Only 13 per cent. of ELQ students at the OU receive any fee contribution from their employer. Just 10 per cent. have all their fees paid by their employer.

Dr. Gibson: Will the hon. Gentleman continue and say that students have to pay their fees up front rather than after they graduate? Does he agree that the deal that was supposedly struck for part-time students at the Open university during the debate on this issue has evidently been reneged on? That is what I was told by his predecessor as MP for North-East Milton Keynes.

Mr. Lancaster: The hon. Gentleman is very well informed. Indeed, I recall that he contributed to that debate. I believe he is right. I will be asking the Minister a few questions about the future. Perhaps when the hon. Gentleman makes his contribution he will also press the Minister to address these points.

The idea that funding is readily available from employers, especially in the current challenging financial situation, has proved to be simply wrong. Why would an employer pay for an employee to train only for them to change careers and leave their employment?

David Taylor: I speak as an Open university graduate and former OU employee. When he responds, the Minister will no doubt argue that it is more important to bring new people into higher education than it is to reskill those who have already benefited. Does the hon. Gentleman agree that the Minister ought to be reminded that in a rapidly changing economy, that approach is rather damaging to the central strategy in education of lifelong learning? It is just as important to reskill people so that they can return to the workplace as it is to get other people into higher education for the first time.

Mr. Lancaster: The hon. Gentleman makes a powerful point and one that I was going to make. Especially in the current economic turmoil, we will see more and more people being forced to reskill. Only this month unemployment figures have risen. That is why this decision has been so short-sighted.

To be fair, Ministers have made some exemptions to the ELQ policy, but those do not go far enough. Only 4.6 per cent. of HEFCE-funded ELQ students at the Open university will be exempt under the proposals. It is equally difficult to see the logic behind why courses are or are not exempt. Why, for example, is teacher training included, while courses that lead to qualified teacher status are excluded? Perhaps the Minister could explain the logic behind the Government's decision to exempt some groups but not others.

During the debate last year, the Secretary of State for Innovation, Universities and Skills made it clear that this policy was never intended to be a permanent policy and that it would be reviewed. So I simply seek clarification from the Minister today, now that the dust has settled and with the value of hindsight, as to whether we might see a review of the Government's decision about the funding of ELQs. Perhaps the Minister could confirm that the current policy is indeed only in place for three years, after which we will see a return to the former position.

Briefly, I would like to ask the Minister some questions about three connected areas. I will start with the review of undergraduate fees that is due to take place in 2009. Although the Government's proposed review is broadly welcomed by the higher education establishment, may I simply ask the Minister to give some clarity on the time scales for the review and perhaps he could also explain who exactly will be leading it? Given the importance of the review to the sector, surely the longer the higher education institutions have to prepare evidence, with at least a basic understanding of how the review will be run, the better.

The Minister will be aware that the Leitch review recommended that 40 per cent. of adults should become qualified to level 4 and above. However, it is clear that that target is not going to be met without significant input from the part-time higher education sector. As few if any details of the structure of the fees review have been published to date, can the Minister perhaps offer assurances that the Open university and part-time sector in general will receive appropriate attention in the forthcoming review?

I turn now to the proposals for a new credit transfer model in higher education funding. From an Open university perspective, it is clear that any new funding models should enable flexible learning pathways that encourage lifelong learning, providing a focus on the learner and encouraging learning progression between the further education and higher education systems. One way of helping to achieve that would be to allow credit accumulation and transfer from previous study. Therefore, could the Minister confirm that he recognises the value of such a flexible credit accumulation and transfer system and, perhaps more importantly, also confirm that that value will be reflected in the funding review next year?

[Mr. Lancaster]

In the last 12 months alone, the Department for Innovation, Universities and Skills has launched a number of initiatives and consultations on higher education, including a consultation on proposals for new higher education centres, which closed on Friday; a consultation on its "Higher Education at Work – High Skills: High Value" report, which closed in July; a blog with nine issues for discussion on the future of higher education, and a student listening programme. However, what is not clear is exactly how this multitude of initiatives will be reconciled.

Finally, therefore, may I simply ask the Minister if these initiatives will be fed into the funding review, as would be logical, and what influence, if any, they will have on that review?

I conclude by making no apologies for standing up for the part-time education sector, which I believe has been neglected by this Government over the last year.

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy) *indicated dissent.*

Mr. Lancaster: The Minister may shake his head, but some 209 Members signed early-day motion 317 earlier this year, highlighting their concern about the Government's decision to withdraw funding from the ELQ sector. I simply ask him to look again at this issue in his review next year, with the value of hindsight, to ensure that the part-time sector in the UK is fully funded in the future.

9.53 am

Mr. Bob Laxton (Derby, North) (Lab): I congratulate my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) on obtaining this Adjournment debate this morning. My hon. Friend has opened up a few interesting issues and probably set the odd hare or 30 running, given his views on major restructuring of the higher education sector here in the UK. He is a bit like Don Quixote, tilting at windmills, but I am not inclined to be like Don Quixote's faithful friend and companion, Sancho Panza, as I do not share his view about the requirement to go for, or even a suggestion that we should go for, a major upheaval in the HE sector. In fact, I think that that is the sort of idea that would blow up into a holy or unholy row among people in the HE sector, if it were to be implemented.

I was very interested in the intervention from my hon. Friend the Member for Norwich, North (Dr. Gibson), who is on my left in every way. He raised the issue of research funding for universities. May I say to the Minister that—well, I can say to him what I like, I suppose.

Mr. Bill Olner (in the Chair): In parliamentary language, of course.

Mr. Laxton: I am telling the Minister the obvious, I suppose, because he knows his role better than I do. In December, he will be making decisions about the allocation of £1.9 billion of research funding to universities, and I believe that that allocation will be announced by the funding council in January 2009. It is important that he understands the role of universities such as my local university, the university of Derby, in driving research and innovation that is of relevance to the local, regional and national economy, and that he ensures that the university receives a research funding allocation that improves—hopefully, considerably improves—on the 2002 outcome, which of course was the last time that a similar decision on research funding was made.

This forthcoming allocation is crucial as it will determine the majority of the public funding for research in the university of Derby for the next five years, for the period from 2009 right through to 2013. It was a previous Minister who made the decision in 2002. Nevertheless, when that decision was made, 76 per cent. of the £1.4 billion that was allocated went to just 19 of the UK's 120 universities, as a result of a Government decision to fund only research of international significance.

I have no argument about the HE sector funding areas of international significance and, of course, they should continue to fund such areas. However, the 2002 decision meant that the university of Derby received only £306,000 for 2008-09, which was made up of nearly £300,000 of collaborative research funding and £6,800 in quality-related research funding, even though the university is a key driver of innovation in the local and regional economy.

Therefore, I am extremely concerned that the Minister ensures that excellent research of national significance as well as research of international significance is recognised in the 2009 decision and that we are able to invest in the research infrastructure of universities to respond to local and national needs and to new and emerging markets in the period between 2009 and 2013.

9.57 am

Stephen Williams (Bristol, West) (LD): I have been called to speak somewhat sooner than I expected; in fact, I was still preparing my notes.

We should first congratulate the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) on securing the debate and on giving us a thought-provoking and perhaps trenchant introduction.

We live in politically fluid times, and it seems that John Maynard Keynes is reborn with enthusiasm across many parties. He was, of course, one of the greatest Liberals of the 20th century. It also seems that the spirit of Milton Friedman is alive and well in Sittingbourne and Sheppey, and there seems to be an internal debate going on in the Labour party about which direction it should be pursuing, including in higher education. It seemed to be the hon. Gentleman's position that there should be a free market in higher education, including in fees, with different fees at different institutions, and probably for different subjects as well, and also that a new elite group in UK higher education should be introduced.

However, I point it out to the hon. Gentleman that one of the inevitable consequences of a market is failure. If there is genuine competition, the natural economic result of it is that an institution will fail. Although he said that membership of the Russell group club should be halved, he did not give us any idea which institutions he would downgrade or close.

David Taylor: The hon. Gentleman is suggesting that markets create failures, and I think he is relating that comment to institutes of higher education, but markets also create winners and losers among the students

themselves, and is it not increasingly the case that the losers are students from working-class backgrounds who typically leave university with debts that are almost 50 per cent. more than those of their middle-class counterparts? Does that not damage social mobility and is it not the role of my party and the hon. Gentleman's party to reduce inequality rather than to accentuate and expand it?

Stephen Williams: I thank the hon. Gentleman for that intervention. I agree that lack of social mobility should trouble progressives of whichever party. It is certainly something that drives me as I put forward policies in this area for the next general election. He rightly says that people from poorer backgrounds who have accessed higher education face great challenges because of the debt burden—it will increase over the next few years—that they will face when they graduate, but I am more worried about the untapped pools of potential of students from poorer backgrounds that are not accessing higher education at all. That is the big challenge that faces all of us who want to ensure that everyone who is able to do so can access and benefit from higher education.

Dr. Gibson: The hon. Gentleman may remember that it was mentioned in the debates on charging students for going to university that bursaries would be given as well. Professor Claire Callender has just written a book that shows quite clearly that working class students get less support and help than was intended in the original plans, yet Oxford and Cambridge—it is no secret that they would like to be private if they could get away with it, and they might yet—can give huge bursaries just to show how concerned they are that people get a fair crack of the whip. Indeed, working class students do not get a good choice or a crack of the whip.

Stephen Williams: The hon. Gentleman is, of course, correct. When the Government introduced variable fees in 2004, they may have expected there to be a market in fees, but what has evolved is a market in bursaries, which I do not believe was predicted at the time. It is incredibly difficult for a 17 or 18-year-old contemplating where they will pursue their future studies to understand that market, and there is a growing consensus that perhaps there should be a national bursary scheme with national criteria to ensure that money is going where it is genuinely needed and that it will make a difference. I am studying that policy initiative carefully.

Higher education faces many challenges over the next decade or so. The CBI said recently that 42 per cent. of the jobs that we would expect to find in the economy of 2020, if it is possible to predict the economy that far ahead, are likely to need a graduate-level qualification. That is broadly in line with what Lord Leitch said in his 2006 report, but we know that only 29 per cent. of the current work force are educated to degree level, so a step change is needed to ensure that our work force have skills for a knowledge economy.

Much of the growth in learning is likely to come from part-time study by people who are currently in the workplace. One reason for that is that there will be a big demographic change over the next few years, and fewer young people from the traditional 18-to-21 age group will go into higher education. The sector will need to do much more to ensure that adults who are in the workplace can study part-time. As the hon. Member for North-East Milton Keynes (Mr. Lancaster) said, that means a step change in how we fund part-time higher education and a reversal of some retrograde decisions that the Government have made recently, in particular on equivalent and lower qualifications.

It is hard to predict how our economy will evolve over the next decade. We could not have predicted 10 or 15 years ago some of the jobs that are currently available, or that there would be degree programmes to meet the demands of jobs such as those in gaming. When I was applying for my university place, the computer game was Pac-man, which was played with just two fingers on a watch or on a black and white television console. I would have been astonished if someone had told me that 20 years later many universities would be offering degrees in gaming. None the less, that is the case, and who knows where we will be in 2020? It will be essential that existing graduates are able to reskill, which is why the ELQ decision was a bad one.

The world is increasingly competitive, and it is essential that the UK maintain the position in higher education that it currently enjoys. As the hon. Member for Sittingbourne and Sheppey rightly pointed out, we face challenges not just from our traditional competitors—North America, Australia and, increasingly, Europe—but from the emerging economies of China and India. It is all the more essential that we invest in our STEM subjects—science, technology, engineering and mathematics—and in the people who will teach those subjects and inspire the youngsters who take them up in the future.

The UK must be open to the world's best academics and students, and that requires a joined-up approach right across Government so that the Treasury or the Home Office does not throw obstacles in the way of academics accessing our universities.

In the 2001 and 2005 general elections, the Liberal Democrats opposed the introduction of tuition fees. The Labour Government decided to introduce them, despite indicating in 1997 that they would not, and then increased them after 2001, despite expressly saying in 2001 that they would not do that. We fundamentally disagree with the starting point—where we are now—but, obviously, it is my duty to comment on where the Government are going.

The hon. Gentleman mentioned the prospect of the fee cap being raised.

Mr. Laxton: I am interested that the hon. Gentleman thinks that if is his duty to comment on where the Government are going. I would have thought that it was more his duty to comment on Liberal Democrat views on student fees.

Stephen Williams: If the hon. Gentleman is patient, I will give him an indication of that, but there is a world of difference between a party in government saying at a general election that they will not do something and then, when they win the election and retake office, doing it, and an Opposition party saying at one general election what its position is vis-à-vis the Government of the day and then, between elections, thinking about what it might say at the next general election to meet the circumstances of the time.

Dr. Gibson: May I follow up the point made by my hon. Friend the Member for Derby, North (Mr. Laxton)? The hon. Gentleman is making a cheap jibe. In fact, the argument in 2004 was that tuition fees would not be installed in the system until after the 2005 general election. There were arguments against that, but that was the guarantee from the Government. Things changed in the new manifesto.

Stephen Williams: I was referring to the 2001 manifesto, which included a phrase that was often used in the 2001 general election:

"We will not introduce 'top-up' fees and have legislated to prevent them."

As the hon. Gentleman well knows, within two years legislation was introduced to bring in top-up fees.

Dr. Gibson: In 2005, after a further election.

Mr. Bill Olner (in the Chair): Order.

Stephen Williams: Thank you, Mr. Olner.

I wish to return to raising the fee cap and introducing a market in higher education. As the Higher Education Policy Institute stated recently, if the fee cap were to be raised, there would be further cost pressures on the Treasury because of the increase in the cost of subsidising the real rate of interest on maintenance and fee loans. Whatever path the Government pursue, whether to put more money directly from Treasury funds into higher education or to pass the cost on to students, there will be a direct cost to the Treasury if the current regime of subsidising loans is to pertain. Given that choice, it would seem preferable for further investment in higher education to come from general taxation rather than from pushing further costs on to the most recent graduates.

The system needs some stability. I know that the Government will have a review in 2009, but there have been many changes in the past five years, whether in the fee regime that we have just discussed or in the maintenance support that is available to students. Some stability would be welcome. The new system needs to bed down so that we can genuinely understand what difference it is making and not have to make fundamental decisions in 2009 from a low and flimsy evidence base.

Mr. Lancaster: I am sorry for not following the hon. Gentleman exactly, but is it still the Liberal Democrat position to oppose top-up fees?

Stephen Williams: Yes, if that was not clear.

As the National Union of Students reminded us recently in its excellent report "Broke and Broken", the recommendation of the Dearing report in 1997 was that graduates who benefit from higher education should perhaps make a 25 per cent. contribution to the cost of their study. But in some liberal arts subjects, the contribution of about £3,300 a year that graduates will make is already close to what the taxpayer contributes to the cost of their study. There is no scope, certainly in this sector, for asking graduates to contribute more.

Several hon. Members, including the hon. Member for Derby, North (Mr. Laxton), mentioned the distribution of funding. The hon. Member for Sittingbourne and Sheppey implied that there are too many universities in the sector, with 120 institutions, ancient and modern, competing for income. Analysis by Grant Thornton, one of my former employers, has shown that the share of income is becoming ever more concentrated among the Russell group family of universities.

Will the Minister say what he thinks of the recent report from Million+, which calls, at least in the area of research funding, for a certain proportion of the research budget to be set aside to allow for a contribution to new universities to ensure that they are able to nurture their talent and to grow a new research base that is more evenly spread around the English regions?

Universities could take up other sources of income. Endowments need to grow. For that to happen, a cultural change is required, with all of us giving to our former universities. Next year, Bristol university celebrates its centenary and will, no doubt, hold an appeal in association with that to which I will certainly be a contributor.

I shall end by mentioning the Government's review. It would be interesting to hear the Minister say when he expects the various strands to come to a conclusion. I believe that the intention to have a review was part of the deal made with Labour Back Benchers in 2004, the idea being that in five years there would be a review of the new system. Perhaps at that time they did not contemplate either the existing economic situation or the political timetable for a general election, which is likely to be held during 2009 or 2010. When does he expect the review to produce some firm policy conclusions, so that all three parties can ensure that the issue is debated sensibly at the next general election?

I hope that the review will be open-minded and not merely a justification for raising the fee cap. It will need to look at who benefits from higher education and who participates in it, and at the different modes of study, to ensure that all generations are able to participate. It should not be representative only of the sector and industry, but should generally involve young people. The UK Youth Parliament is keen to be involved in this issue.

Hon. Members should thank the hon. Member for Sittingbourne and Sheppey for introducing such a stimulating discussion. Our united purpose should be to ensure that British universities are funded fairly and that they keep us at the forefront and in the front rank of the world's universities.

10.13 am

Mr. Rob Wilson (Reading, East) (Con): I, too, congratulate the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) on securing this important debate, which I welcome because this is a good time to discuss student finance.

I also congratulate the hon. Gentleman on his interesting and informative opening speech. He argued for excellence in universities, which is surely right. He has a view on how we achieve that with the three-tier system that he spelled out. He also spelled out clearly the growing international competition and the threat to our continued prominence in the sector globally. We will have to return to that point regularly in the coming years.

Like the hon. Gentleman, I am proud of the achievements of the university sector. As illustrated in the recently published QS world rankings, and as he said, 17 of our institutions were in the top 100 universities around the world. The excellent Reading university—my

local university—was just outside the top 100. That is pretty good, because more than 9,000 universities around the world are eligible to enter.

Looking at the situation positively, such figures prove that our top universities are globally competitive, in spite of the comparatively lower funding relative to some of our international competitors. It is clear that to maintain our international position the sector will continue to need sustainable funding from a variety of sources and that, in a time of economic downturn, public funding will continue to play an important role.

The Government are obliged by legislation to review the student support regime before the end of 2009. We Conservatives have consistently argued that the earlier that starts, the easier it will be for the sector to prepare the relevant evidence. As my hon. Friend the Member for Havant (Mr. Willetts) recently said, the Government's approach is to treat the review a bit like the start of one of those bicycle races where the competitors go as slowly as they can. There seems to be an endless stream of preludes to the review, pre-reviews and preparatory investigations. These are all very well, and we will co-operate where we can, but Ministers are moving so slowly that they are in danger of falling off their bicycles.

When the student finance review begins, I hope it will be based on hard evidence rather than on any preconceptions. There are rumours that some institutions are planning for the future on the firm assumption that the tuition fee cap will rise. If enough institutions plan on that basis, so the argument runs, a rise in the cap will become inevitable. My advice is that it would be folly and error to take anything for granted at this stage. The funding regime needs to be genuinely and openly reviewed based on the evidence.

Dr. Gibson: I would like the hon. Gentleman to tell hon. Members what his party's position is on tuition fees now. I remember that the Conservatives had a strong policy in 2004 against increases in tuition fees. Why have they changed their mind and what happened to change it, if they have done so?

Mr. Wilson: I hope the hon. Gentleman will not mind if I come to that later.

Dr. Gibson: I'll stay.

Mr. Wilson: Perhaps further interventions will be saved for then.

Speculation in the sector remains rife, with a recent Higher Education Policy Institute report addressing some of the implications of a rise in the fee cap. That report concluded that allowing fees to rise would be expensive for the Government if they kept to the current system of student support. HEPI proposes several options: charging a higher rate of interest, subsidising only part of the loan or cutting back on grants in the expectation that universities will use their higher income to offer bigger bursaries. None of those options is without controversy, but all require careful deliberation and I am sure that the Government will include them in their forthcoming review. HEPI is just one of the organisations that have expressed a view, but I am keen to stress that we Conservatives will approach the review in an open-minded way, although our full reaction will be reserved until we know more about its terms of reference.

If possible, today would be a useful time for the Government to provide more clarity on time scales for the review and more information on who will be leading it. All the questions that my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) asked in his eloquent speech—

David Taylor: Further to the question asked by my hon. Friend the Member for Norwich, North (Dr. Gibson), it would be helpful and interesting for the wider public watching and reading this debate to know whether the Conservative party is still of the view that the number of places in higher education needs to be reduced significantly. Where does the hon. Gentleman think that the impact of those cuts would fall? Would it fall mainly on the least well off and those who have, traditionally, not been able to get into higher education?

Mr. Wilson: For the benefit of both members of the watching public, we have no intention of cutting the number of places. In fact, as the hon. Gentleman will see in a few minutes, we intend to increase the number of places available for students at universities.

While we recognise that university is not for everyone, we want a further expansion of the sector. The sector has experienced unprecedented growth over the last 20 years, but we will go further. It is imperative that our universities continue to generate increasing numbers of skilled graduates to meet the needs of a globally competitive economy. The UK lags behind some of its competitors—for example, the United States—and we must be concerned about the extent to which we are falling down the OECD league for the number of young people going to university.

It is important to remember that any expansion must be properly funded. The student support regime has problems, and hon. Members have referred to many of them, including low take-up of bursaries. It is only right that graduates should pay something towards the cost of their studies, even if the mechanism and the level of repayment will always be a matter for genuine debate.

Without prejudging the outcome of next year's review, it is clear that several areas will need special attention. One of the most important is the relationship between student support and widening participation. Despite bold rhetoric, the Government's record on widening participation leaves much to be desired. Our young men in particular are missing the boat, and the proportion of young males going to university is lower than it was in 1999. The latest figures show that in 2006-07, the proportion of males participating in higher education for the first time was just 34 per cent.

People in lower socio-economic groups are also under-represented, and elements of the funding regime, such as the bureaucratic application process for bursaries, have done little to help. In the months ahead, we will carefully examine the financial and non-financial barriers to higher education for our under-represented groups.

We must also consider whether we have the right balance of support between full-time and part-time learners. It is a great shame, as my hon. Friend said, that £100 million was cut from second-chance learning without consultation with the sector. Some of the country's best

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institutions, which have done a great deal to broaden access, are seeing their finances severely strained as a result.

As my hon. Friend also said, the unintended consequences of the equivalent or lower qualifications policy could be with us for a long time. That is why Conservatives called for the £100 million funding cut to be postponed and reconsidered as part of the larger fees review. My hon. Friend made some important observations about the credit transfer system, and all parties would do well to consider that carefully.

The hon. Member for Derby, North (Mr. Laxton) spoke proudly about his local university. He is right to be proud, and to fight on its behalf for research funding. Derby has a growing reputation for its work in flexible learning, offering modes of learning that suit students rather than the university.

We are considering other ways of channelling funding into our universities. The recent revelation that Harvard's endowment fund is greater than the total annual public funding for all universities in England has highlighted the fact that we need to encourage a culture of greater philanthropic giving. Only five of our universities have endowments worth at least £100 million, compared with 207 in the US. A report entitled "The Future of Higher Education", produced by the Select Committee on Education and Skills, of which I was a member, recommended that the Government explore ways to encourage a more substantial contribution from business and individuals through the taxation system. In the US, people think nothing of giving to their university, and it is regarded by many as a way to give something back for the opportunities that higher education gave them.

Here in the UK, the Sutton Trust has led calls for increased match funding initiatives, and its 2006 report argued for an annual fund of more than £120 million. The Government's response announced a three-year programme with an annual £67 million fund for match funding, which was implemented last summer. We support that initiative, and although such matching schemes have a public expenditure cost, we believe that we could make it easier for British universities to raise more money without relying on Government handouts.

We also believe that increased business collaboration should be encouraged. Many universities are now actively engaged in their local communities, but we must go further in encouraging true knowledge transfer between business and universities. The Government tend to believe that knowledge transfer is solely about spinning out companies from research. I do not dissent from the view that that is part of the picture, but universities may boost the economy in many other ways.

Many small and medium-sized enterprises are unaware of the value of their local university, and its research capability and cost-effective assistance. Real collaboration would occur if investing businesses had a greater say in the course content at their chosen universities, and universities could in turn use their private investment to best advantage.

I would like to congratulate Liverpool John Moores university on being the first ever university to reach the high level required to achieve an award for European business excellence under the European Foundation for Quality Management's excellence model framework. I am due to visit its campus in the coming weeks, and I hope to learn more about that supranational achievement.

I would welcome a move to give universities increased opportunity to emerge with a different leadership role: economic leadership in their local community. In the US, community colleges, which are widely regarded as part of the higher education sector, receive upwards of 20 per cent. of their income from local business agreements. Local businesses could use their local institutions to train their local staff.

Increased business collaboration could not only be a much-welcomed additional source of funding for universities, but bring with it an increased sense of responsibility in the problem-sharing of their region. However, increased business collaboration does not mean that we should not recognise the value of learning for its own sake. It is important to emphasise that we are not opposed to the learning of mediaeval history or theology, for example, and indeed we advocate all sorts of learning.

The past 11 years of Labour government have shown us that the university sector is in need of a fresh approach. Conservatives are committed to supporting our excellent universities in the challenges that they are set to face. Many parts of our university sector are world class, and we shall do everything we can to keep them that way.

10.26 am

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): I start by congratulating my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) on securing the debate. It has given us a timely opportunity to discuss an important topic that is always of major concern to hon. Members throughout the House.

I thank my hon. Friend the Member for North-West Leicestershire (David Taylor), the hon. Member for North-East Milton Keynes (Mr. Lancaster), my hon. Friends the Members for Norwich, North (Dr. Gibson) and for Derby, North (Mr. Laxton), and the hon. Members for Reading, East (Mr. Wilson) and for Bristol, West (Stephen Williams) for their contributions.

When we took office, universities were complaining about the funding that they received, and with good reason. Public funding per student had fallen by 36 per cent. between 1979 and 1997, and there was real concern in the sector about the health of higher education in this country, what it is for, and who it is for. Against that backdrop, this debate is so important.

Since then, funding for higher education has risen in real terms by 24 per cent. By 2010, it will have increased by more than 30 per cent., and that does not include the money available through the science budget, which will have trebled from £1.3 billion in 1997 to £4 billion by 2010. That means that we have been able to maintain funding per student in real terms over a decade during which student numbers have increased by nearly 1 million to 2 million in England. It means that we have been able to tackle the chronic £8 billion backlog of under-investment in infrastructure that existed in 1997, and it means that we have been able to sustain a world-class higher education system that punches above its weight in research reputation, demand from international students and our position in international league tables.

Any discussion about the future funding of higher education must start with an understanding of the system's diversity, which is one of its strengths. Institutions range in size from the Open university, which the hon. Member for North-East Milton Keynes mentioned, with more than 200,000 students and distance learners, to small colleges of further education catering for a few hundred students who wish to progress from further to higher education, and value the opportunity to study locally.

Higher education providers also vary in mission. When debating this subject, it is important to emphasise the autonomy of our universities and the broad mission that can range across them: some universities are research intensive; some concentrate on excellence in teaching and widening participation; and some are remodelling what they do to engage with business. Let me say clearly that we value them all and want to recognise excellence wherever it is found and whatever the different mission of different providers is. However, the mission and the size of institutions vary, and so do the funding streams.

It is also important that I describe the national position.

Mr. Lancaster: If the Minister values all students equally, why did the Government cut £100 million from equivalent or lower qualifications?

Mr. Lammy: I will come on to discussing part-time education and ELQs shortly.

Given the contribution of my hon. Friend the Member for Sittingbourne and Sheppey—I understand the nature of his remarks—it is important to say that we are second only to the United States in these league tables. The Shanghai league table measures only research excellence and has been criticised for measuring inputs, not outputs. Our market share of overseas students is second only to that of the US.

We have a world-class research base and our science is the most productive and efficient in the G8. I think that the following point was made by my hon. Friend the Member for North-West Leicestershire: it is important to recognise that although we have 1 per cent. of the world's population, we carry out 4.5 per cent. of the world's research and can claim 8 per cent. of scientific publications. Against that backdrop, we can be proud of our universities' contribution.

Dr. Gibson: Just for accuracy, we should point out that much of the research is done by high-class institutes that might or might not have an affiliation to a university. The Government have been trying to obtain those affiliations because if there is an association, some of the papers done in those pure environments count. I remember using John Innes papers to help my department to receive an increase in its grade from a five. We must point out that there is a combination of factors to consider and that the research structure is pretty good, which can also lead to Nobel prizes.

Mr. Lammy: My hon. Friend is exactly right and, in a sense, that underlines the point that knowledge transfer between research and business continues to grow. Since 2003, 30 university spin-out companies have been floated on the stock exchange at a value of £1.5 billion at the initial public offering. University income from business and user engagement has risen rapidly and stands at £2.2 billion per annum. It is important to continue to argue the case for both fundamental and applied research. However, the cornerstone of our success is the quality of our fundamental research and the Government are, of course, always interested in how that research is exploited in going forward.

Last week, I responded to a debate in the House initiated by my hon. Friend the Member for Sunderland, South (Mr. Mullin) about the research assessment exercise. I recognise what hon. Members who represent universities have to say, particularly about local and regional business engagement. I hope that hon. Members are aware that there have been changes to that new exercise, although I am waiting to hear what the Higher Education Funding Council for England will say to me in December. There is recognition of the importance of applied research within the new formula.

On returning to the national position, English institutions generate about £17.5 billion each year. More than half of that comes from the Government via HEFCE and the research councils, which decide how individual institutions should be funded. About a quarter of that figure comes from all forms of tuition fees, but only about 10 per cent. comes from the fees that we regulate: those for UK and EU full-time undergraduates. At some of our more research-intensive universities, that figure is closer to 2 or 3 per cent. So, the forthcoming fee review, about which I shall say more later, is absolutely not the be-all and end-all of funding for higher education. About 2 per cent. of income comes from endowments, and the remaining £3 billion comes from other funding sources—everything from training contracts for employers to intellectual property rights and the income from conferences and lettings.

That is the national position. Let us now consider the range of funding for different higher education providers. The biggest fish in the higher education pond operate on budgets of nearly £1 billion; the smallest have budgets of about £5 million. Some institutions rely on their HEFCE grant for nearly 80 per cent. of their total income, and for others that figure is under 10 per cent.

Tuition fee income as a proportion of total income varies in different institutions—from virtually nothing to more than 70 per cent. The institutions at those extremes are, of course, specialist institutions rather than universities. However, their position should not be overlooked if we want to continue with that diverse system.

Why do we want diversity of funding? There are two reasons. First, it encourages each provider to identify and play to its strengths. Secondly, in these uncertain economic times, it helps providers to remain competitive. Happily, universities in this country are well run, but we live in challenging times. We cannot say exactly what economic conditions there will be during the next period, so in looking forward, it would at least be prudent for universities not to count on having the substantial increases in public funding that they have had in the recent past. A sensible strategy is for universities to continue to look for different ways to generate income. I want to mention some of the things that we are doing to encourage universities and higher education providers to do that.

We are successfully promoting closer links between universities and employers. We set HEFCE a target of having 5,000 co-funded places in 2008-09 and I am

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pleased that it has approved funding for more than 8,000 places. That stands us in good stead for our ambition of having 20,000 places by 2010-11.

In August, we launched our voluntary giving scheme, with £200 million to leverage £400 million in donations during three years. Some 140 institutions have chosen to participate, and many of them are doing so and have plans to transform their performance. That is not going to match overnight the endowment funds of institutions such as Harvard—at this point, I should declare an interest as an ex-graduate of that institution—but we should remember that it took American universities three or four decades to build up the funds that they now have. That scheme is important because it will not only generate extra money, but emphasise that universities are just as worthy of donations as other charities.

We also know that international students are an important source of funding for higher education. People from overseas account for about one in six of our student population. Globalisation and a strong international reputation have helped to make us an attractive destination for learners, and will continue to do so. Ambitious young people in search of a good career know that they are likely to end up working for a multinational business or at least for an organisation with interests or outposts in other countries. They also know how much more employable a period of study overseas is likely to make them. That and the fact that English remains the global language of commerce partly explain why so many international students want to study here. It has been estimated that students from outside the EU are worth £1.7 billion to the sector in tuition fees alone. Their value to the wider economy has been calculated at almost £4 billion a year.

However, other countries' university systems are not standing still. Universities here will continue to need the income that international students bring in, and to benefit from the fact that their presence makes a scholarly community richer and more diverse, so the sector and the Government will need to carry on seeking ways to improve the quality of the experience that international students can expect when they get to the UK.

I come now to tuition fees and the extra income from variable tuition fees. Let me say two things about that. First, the Government, not students, meet the up-front costs of fees. We now pay out £4 billion a year to cover the costs of fees and student support. We have not had much experience of the new arrangements—some of what has been said this morning is a little premature—but there is no evidence that they are putting students off going to university. In fact, the situation is just the opposite: record numbers of students are applying, both generally and from less well-off families.

Secondly, in just one year, variable fees have generated an extra £450 million, of which £100 million is being recycled as student bursaries, thanks to the access agreements that institutions have agreed with the Office for Fair Access. To put that into perspective, £450 million is about 30 per cent. of the increase in income that universities generated last year.

However, before we even start to think about fees, next year, we shall publish our framework for the development of higher education over the next 10 to 15 years. The framework will set the essential context for the work of the review. My hon. Friend the Member for Sittingbourne and Sheppey is right to say that over the next period we must have a profound and far-reaching discussion about what universities are for. The framework will cover such issues as the demographic changes that we are seeing in society: over the next 10 to 15 years, the proportion of young adults available to go into universities will be falling.

We shall discuss research careers and the importance of people being able to dedicate their lives to such careers. That involves understanding the difficulty of people sometimes being on a short-term contract and understanding that we want people moving between universities and business. We shall discuss the student experience and globalisation in the context of e-learning.

We shall have that debate against the backdrop of a global downturn. The question will be how we ensure that our universities are well positioned as we head out of that period. All those subjects have to be considered thoroughly as part of the vision for higher education over the next couple of decades. Any future discussion of our policy on tuition fees will have to take account of that framework. Until we have had the debate across the range and diversity of our higher education institutions in relation to what they are for, the challenges that lie ahead and ensuring that this country is well positioned to make the most of the changes, it is premature to talk about setting timetables for a review.

Mr. Wilson: The Minister is talking eloquently about the challenges that the sector will face. One challenge is the massive pensions black hole that is developing in the sector. Can he give hon. Members some idea today of the size of the black hole that has developed and what pressures it might exert on the sector?

Mr. Lammy: No, I cannot do that today, except to say that when the hon. Gentleman puts his remarks in the context of a black hole, he is overstating what is a serious issue that is rightly part of the debate and will obviously have some bearing on the overall fiscal and financial funding for universities. Nevertheless, as I have said, substantial funds are going into the sector. We can have that discussion in due course.

Let me deal with the remarks made by the hon. Member for North-East Milton Keynes about part-time students in particular. It is important to say that part-time student numbers have increased under this Government. Part-time students now make up 40 per cent. of the student population. The number of English students undertaking part-time undergraduate courses rose by 21 per cent. between 1997 and 2007.

The hon. Gentleman began by saying that he did not want to revisit the ELQ debate. I was watching as my hon. Friend the Member for Harlow (Bill Rammell)—then Minister for Lifelong Learning, Further and Higher Education, and now Minister of State, Foreign and Commonwealth Office—led those debates from the Dispatch Box. I do not want to revisit that discussion today, except to say that the Government were the first to introduce statutory financial support for part-time students.

We absolutely value the work of the Open university, and I look forward to meeting its representatives. I value especially its unique national status and the unique opportunity that it has to provide part-time and full-time

courses for people throughout the country. For that reason, it has been able to get extra funds in respect of widening participation. I am sure that there will be every opportunity further to support the Open university—a university for which I have tremendous respect. I was pleased to be able to visit it when I was a Culture Minister to look at its provision and particularly its library. That institution is hugely valued by Labour Members.

Mr. Lancaster: We are not short of time—we have another 13 minutes—so we can consider the issue in some detail. The Minister has just spoken about the historical rise in part-time student numbers up to 2007 or 2008. What assessment have the Government made of the impact on future part-time student numbers of the withdrawal of ELQ funding? Will he also do what I asked in my speech and put some meat on the bones of where the exemptions have come from? They represent only 4.6 per cent. of current ELQ students.

Mr. Lammy: The hon. Gentleman is aware that all Governments have to have priorities. I do not want to be too party political about this, but our priority has been to get extra funding into our universities to ensure that they are world class and to support widening participation. We have done well on those measures against the backdrop of what was happening during the previous period, when we were going backwards, so let us be generous when we discuss those priorities. We have also wanted to safeguard STEM subjects—science, technology, engineering and mathematics—and initial teacher training.

The discussion relating to ELQ, as has been rehearsed several times, has not been about a cut. The OU's budget went up by 2.4 per cent. It gained from changes to widening participation. The ELQ policy in the end means that more than 6 million people with level 3 skills can go to university for the first time. The hon. Gentleman does not want to talk about the opportunity to go to university for the first time, but that is clearly where the priorities of the Government have been in relation to funding. I am disappointed that he shakes his head in relation to those young adults having the opportunity to go to university for the first time.

Mr. Lancaster: I return to the two questions that I asked of the Minister. I appreciate that he is new to his brief, and the answer may come to him shortly. First, what assessment have the Government made of the impact of the £100 million cut in ELQ funding on the number of part-time students in the years to come, and never mind the historical data? Secondly, will he explain the reason for the exemptions for ELQ students, which represent only 4.8 per cent? Those are two simple questions.

Mr. Lammy: I thought that I had explained that we are supporting STEM subjects. I hope that that is an explanation that the hon. Gentleman can understand. We are supporting initial teaching training—again, I hope he can understand that explanation. We have put extra money into part-time education for our universities. I hope he can understand that. However, we sought also to prioritise those going to university for the first time. I hope that that is sufficient an explanation.

The hon. Gentleman's priorities may be different, and one has to respect that, but the Government have been clear about the agenda. It is not new to the House and the debate has been going on for a considerable time. The Government are absolutely clear about the fact that they want to support the Open university. They want to continue discussions with the OU about its unique national role, and we are pleased that we have been able to extend funding to the Open university on widening participation.

I welcome the opportunity to continue discussions with the OU over the next short while. I hope that the hon. Gentleman feels that his questions have been answered.

Mr. Lancaster: Again, I ask the same question. To be fair, the Minister endeavoured to answer me on one of the exemptions, but he has not yet said what assessment the Government have made of the impact of the ELQ cut on future part-time student numbers. Pray God they have made some assessment of the direction of part-time student numbers. Given that unemployment is rising and that people will need to retrain, the Open university will be a key establishment in retraining them.

Mr. Lammy: The hon. Gentleman is now being unreasonable: as a result of his discussions with my hon. Friend the Member for Harlow and because he has taken up these matters at the Dispatch Box, he will know that the Government have continued their discussions with the Open university on the number of students and on part-time students generally. We have also discussed those subjects with the Million+ group of universities.

The arguments have been well rehearsed. If the hon. Gentleman wants, I can send him copies of the letters sent by the former Higher Education Minister, but I do not intend to debate the matter again. We have already had that debate.

Stephen Williams: The Minister and his predecessor have said that the Government's justification for the ELQ decision was that it would switch money to helping those accessing university for the first time. That has some coherence for the E part of ELQ—equivalent qualifications—but not for the L part, which is not much talked about. What about those who are tasting university for the first time by doing short courses? Universities throughout the country, not only the OU, are running community learning programmes. Many institutions say that they will have to slash those programmes because they will no longer be receiving the fee support. What assessment have the Government made of that consequence of their decision?

Mr. Lammy: The hon. Gentleman probably knows that that was an important part of my portfolio as Minister for Skills. The Government broadly wanted to take a position where full level 2, 3 and 4 courses and other qualifications that were desirable in the marketplace attracted public funding.

Discussions are being held against a backdrop of a global economic downturn—changes that have happened rapidly as a result of the credit crunch. As with all Departments, we are looking closely at how to support people in training for skills, which includes further and higher education institutions. It continues to be something that we would expect to be under review at this time. In

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discussion with the sector, we feel that we are able to come forward with further plans to support people, particularly those who want to reskill—those who want to remain in the workplace, but in a different way over the next while.

Derek Wyatt: I speak as an Open university graduate. Several times, the Minister mentioned the national importance of the OU, but will he also consider its international significance? For instance, it is training teachers in Africa. Following the civil war, 23 of the 25 Cabinet Ministers in Ethiopia had MBAs from the Open university. The OU has significance beyond our shores. Perhaps that is why we in the House care so much for it.

Mr. Lammy: My hon. Friend is absolutely right to put that on record. As someone who is the product of leaders of much of that colonial world, who have great respect for the OU, I think that he is correct to put on the agenda its work of international significance, as well as its huge contribution nationally.

I have sought to explore all the issues raised in today's debate and I am pleased that we have had this productive debate.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Will the Minister give way?

Mr. Bill Olner (in the Chair): Order. The hon. Gentleman was not here at the beginning of the debate.

Mr. Lammy: I look forward in the coming months to taking up those matters as the new Minister of State with responsibility for higher education.

10.56 am

Sitting suspended.

Youth Violence (London)

11 am

Simon Hughes (North Southwark and Bermondsey) (LD): I am grateful to Mr. Speaker for selecting this important debate and for giving us the opportunity to discuss youth violence in London so soon after the House returned following the summer recess. I welcome the Minister to his new responsibilities, and I am encouraged by the fact that, as he was a teacher in a former life, he is alert to our concerns.

On a wet day in July this summer, I was standing in my constituency with a large number of people, ready to pay tribute, by laying flowers and saying a few words, to young David Idowu. He had died a few days before, aged 14, in the Royal London hospital, despite the very best efforts of our health service to save his life. He was taken there three weeks earlier after being stabbed in the park near where we gathered, just next to where he lived. Having come home from school, he had gone out to join other youngsters to play football, as any 14-year-old in the summer might be expected to do. He had no history of violence and had been a model pupil; his family were a loving, Christian family, whom I knew. Suddenly, David was attacked and stabbed, and within three weeks he had lost his life.

This morning, the *South London Press*, not because it seeks to glamorise such things, has the headline, "He never stood a chance", which is followed by the sub-headline, "20-year-old killed in gang hit". The background to the debate is not, for me, party political: I do not seek to worsen the position, but to reflect on the fact that, clearly, as all colleagues know, we have had a terrible spate of horrible violent crimes in London affecting our young people. Not that other things have not happened elsewhere in the country—I woke up this morning to the sad news that a youngster had been killed in Merseyside in a similar way. I want to share reflections on the position, and to suggest, among all the extremely good work that is being done, that there are signs of hope, and how, together, we can ensure that it does not simply carry on, and that we are not fatalistic about it.

As well as being a lawyer, I was a youth leader in Southwark just off the Old Kent road before I came into politics. I learned the value of working with young people, and of doing things that turned them from becoming adult troublemakers to being good citizens. I can think of many people who were pretty rough characters in their teens, for whom there was a high risk that things might go wrong, who turned out to be absolutely model citizens in our community—I have known some such people for 25 or 30 years.

One of the helpful briefings that were sent to me ahead of this debate was from the Greater London authority. The GLA officers, on behalf of the Mayor of London and the London assembly members, make the point, which I want to make early in this debate, that although we have youth violence in Greater London, it is perpetrated by only a minuscule proportion of our young people and that, mercifully, only a small proportion of our young people are victims—the Mayor and the GLA put the figure at 1 per cent.

One key message that I hope we will get across today is that almost all our young people are good, upright, law-abiding, well behaved people who want to live full

adult lives without criminality. We have to support and encourage them. The worrying thing, from the evidence, is that many more than 1 per cent. of them are worried and fearful that they are not safe. There is an increasing climate of fear about the lack of security for young people, which we need to address, because if youngsters do not feel safe, there is a risk that they will do what they think necessary to make them safe, which may involve taking weapons out with them. In the end, that may make them far less safe than before.

The figures are grim. The Howard League for Penal Reform has just produced a report that I commend to colleagues, entitled, "Why Carry a Weapon? A Study of Knife Crime Amongst 15-17 Year Old Males in London", which begins with a stark couple of pages:

"During the course of researching and writing this book in 2007, there were 16 fatal stabbings of teenagers in London".

The youngsters involved are then listed. The following page states:

"By August 2008, a further 20 teenagers were fatally stabbed".

If ever one wanted a reminder of the importance of the issue when one is reading an academic or sociological report, one should begin with those names and figures.

The figures have gone up a little. I am concentrating on Greater London, but it is clear that in the past two years, there have been between 20 and 30 deaths of teenagers from stabbings in the area, and others have died through other violent crimes. Some 26 teenagers died violent deaths last year, and 27 have died violent deaths already this year.

I should like to pray in aid the work that is being done. Rather than repeat it all for the benefit of colleagues, I simply say that an enormous number of people have thought about and worked on the issue, and I want to pay tribute to them. A meeting in the Palace of the all-party parliamentary group on social science and policy was addressed by Deputy Assistant Commissioner Hitchcock of the Met. He said that politicians need to stop using the issue as a political argument and start working together—I say amen to that and commend the fact that there is very good working together at all levels of public authority and elsewhere. I shall suggest later how that can be extended.

We had a topical debate on 5 June in Parliament, thanks to the Leader of the House, and the Select Committee on Home Affairs held a one-day evidence-taking session in March. The Committee is about to begin an inquiry into knife crime, which I support. I hope and believe that it will hold one of its first sittings in a secondary school in my constituency, so that people can share their thoughts and reflections. The Home Office has consistently made commitments, including an announcement by the Home Secretary today, to which I am sure the Minister will refer, on additional funding, particularly to keep young people safe in and around school and when they come out of school. The evidence is that one of the most dangerous times of the day is the middle of the afternoon, just after school time; indeed, that was when David was killed, and when others have been attacked and killed.

The Mayor and the GLA have made it clear that they see the matter as a priority, and the Mayor is working on an announcement that is due in the next few weeks. We look forward to that, and I have no doubt about his commitment to doing all that he can. My local authority, like others, is working to prepare to collect the wisdom of all the other agencies involved and to take it on to ensure that the gaps are filled. It plans to hold a summit conference of all the agencies in Southwark within the next few weeks. Everybody is working hard, and there is no criticism that people are not seized of the issues.

I am not going to trouble colleagues with huge numbers of statistics that would distort the debate, but I would like to share a couple to put things in perspective. One of the relevant background facts is that we have only had statistics including knife crime for one year, so there is no easy point to be made by comparing this year with last year. The number of knife and sharp instrument offences, as recorded by the police, for violent crime offences in the Met and City of London police areas—Greater London—for the last year, is 7,428 in total, or 18 per cent. of all violent offences. That is the level of the issue. Nearly one in five violent offences involves weapons—either knives or sharp instruments. That is a warning sign if ever we needed one. There is a greater propensity now to carry a weapon—it could be a broken bottle, but it is often a knife.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I have listened very carefully to the hon. Gentleman's arguments, all of which I support. Does he accept that evidence emerging from local hospitals suggests that the number of knife attacks may be a great deal more significant than that which is currently recorded by the Metropolitan police?

Simon Hughes: The hon. Gentleman is right. I had only two more statistics to give, and one is on that very subject. The statistics on hospital admissions are highly relevant, up to date and topical, but before I deal with them, may I just give the other crime statistics? The hon. Gentleman's point is very important, and he was right to raise it.

In my own borough, in which we have excellent police leadership from our borough commander, Malcolm Tillyer, and from Superintendent Victor Olisa—both of whom I regularly meet—the figures show that knife crime is down 10 per cent., gun crime is down 36 per cent. and youth violence is up 7 per cent. Therefore, despite all the efforts, the one area of continuing concern is the lowering of the age of youngsters who are involved in violence and using weapons of violence.

I turn now to the statistics that the hon. Member for Edmonton (Mr. Love) has mentioned. I have the London-wide statistics for admissions to hospitals for stab and gunshot wounds for 2006-07: there were 10 admissions of youngsters under the age of 16 with gunshot wounds; there were 38 admissions of 16 to 18-year-olds; and 160 admissions of over-18-year-olds. As a percentage for England—the figures are collected on an England basis—10 per cent. of all those under 16 who were admitted were London youngsters; 38 per cent. of all those between 16 and 18 lived in Greater London, which is very high; and 17 per cent. of the over-18-year-olds lived in Greater London. In the last year for which figures for stab wounds are available, 72 of the under-16-year-olds who were admitted—or 40 per cent. of all those throughout England—were London youngsters.

Mr. Lee Scott (Ilford, North) (Con): Will the hon. Gentleman give way?

Simon Hughes: In just two seconds. Some 33 per cent., or 252 youngsters aged between 16 and 18, were admitted with stab wounds, and 22 per cent., or 1,071, of over-18-year-olds were admitted. Like the hon. Member for Edmonton, I surmise that that is not the whole picture. Given my knowledge of the street—many others are pretty wise about what goes on in our communities—I know that people often do not go to hospital, because it is the last thing that they want to do.

Mr. Scott: I want to endorse that point. I recently met some general practitioners in my constituency who said that they believe that some of the young people whom they treat are victims of knife crime who give another excuse for why they have been injured. They believe that the problem is far greater than the statistics show.

Simon Hughes: The hon. Gentleman represents an east London constituency. We have heard hon. Members from the north and east of Greater London, as well as from the south, endorse that. I am sure that that is true—by definition it will be. The worry is that if someone goes public with their involvement, it will trigger a police investigation and then a victim will be really fearful. One of the issues is witness protection. Because I have been prompted, I will use the opportunity to say that although a defendant has been arrested in the David Idowu case, the community and the police are still short of all the witnesses whom they know exist. Obviously, there is a natural fear about giving evidence.

A lot of really good work has been done by organisations in London and beyond. Let me summarise that and, in addition to thanking the GLA for its submission, thank three other organisations which have given me some very good material. They are 11 MILLION, the office of the Children's Commissioner for England, which is based in my constituency at London bridge, Action for Children, which is based in Highbury and the Howard League for Penal Reform. Those organisations give us a very clear indication of what young people themselves think. We need to ensure that we listen to those young voices.

Sir Al Aynsley-Green and his team are carrying out some research at the moment, which involves 90 children and young people. They have obtained these quotes from youngsters about youth violence. An 11-year-old girl said:

"Gun and knife crime is really getting me worried, angry, nothing is safe any more. Even on the news every day there is a new murder story and it is making this world the worst place in the universe."

A 14-year-old said:

"The media publish that we are all knife-wielding maniacs, and this is just not true. We are just people. The media always focus on the bad. This is a significant minority."

An anonymous teenager said:

"My cousin has been stabbed by a gang and it was heart-wrenching to know that a group of youths did that. Not all youths are like that though."

Lastly, a 15-year-old girl said:

"My mum won't let me go on my bike to my friends house who lives 20 mins away because she is afraid of the violence."

Youngsters realise that it is a minority who carry out such crimes. They know that, and they do not want to be misrepresented. However, they know that it is right to feel afraid.

I have two more comments from youngsters. One said:

"I think young people carry knives because they are scared for their own safety."

The evidence shows that carrying knives is initially thought to be cool, and then it moves on to being about feeling safe. All the evidence is that a person is much more likely to be unsafe if they go out tooled up with weapons.

The last comment is from an 11-year-old girl:

"They do it because they may have family problems or feel insecure. But I think the main reason they do it is because they are scared of getting hurt so they hurt others so others can't hurt them."

The young people come to some very good conclusions, to which the Minister has access. They talk about raising self-esteem and aspirations among young people, and rehabilitating, training and educating young offenders effectively. They also talk about the need for good education programmes, such as knife awareness programmes and knife referral projects, and good peer mentoring, because young people are most likely to be influenced by those of a similar age. They want young people to be given more good things to do—a common plea that we all hear in every constituency and community in the country. They mention the importance of role models, particularly when there are no adult male role models at home. All the evidence indicates that someone else needs to substitute, if there is not a father or father figure at home. Early intervention schemes are also cited. I say to the Minister—and I do not mean to be confrontational—that all the evidence is that most young people believe that stiffer sentences do not deter knife crimes. I know that that is controversial, but that is what young people say.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I congratulate the hon. Gentleman on a very thoughtful and balanced contribution to this very important subject. In drawing on some of his sources of information, is he aware that the Institute of Education has produced a very important piece of research, which also sets some of the issues that he is describing in a context of social inequality and polarisation. Tragically, there is a clear correlation between youth violence and highly polarised communities. The hon. Gentleman rightly lists a number of the complex causes of youth violence, but does he agree that there is this wider social context that we also need to address?

Simon Hughes: The hon. Lady is right about that. She is a really good London MP, and on London issues she is assiduously effective in raising what matters to our communities—particularly for people who are less well off and have harder lives, and for young people. I think it is important to say that.

In some of our communities the polarisation can be because of different ethnic backgrounds. In Southwark, for example, we have quite a lot of relatively recently arrived people from the horn of Africa. There is a danger that they find their security in a sort of tribal grouping, which means that they are antagonistic to other groups. The factors are not always ethnic; sometimes they are to do with postcode. I learned something the other day: the biggest rivalries in London prisons are postcode rivalries, about where people come from. That

is the biggest cause of conflict in prison now—and it has traditionally applied between secondary schools, and so on.

I have two last points to make about the research, before my concluding remarks.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Will the hon. Gentleman give way?

Mr. Love: Will the hon. Gentleman give way?

Simon Hughes: I shall give way to the hon. Member for Hammersmith and Fulham (Mr. Hands). I am trying to make sure that I give way to hon. Members.

Mr. Hands: This is an important subject, and the fact that 14 London MPs are present for the debate is testimony to that. My question is about international parallels. The hon. Gentleman has talked about evidence from various UK organisations. What does he think that we can learn from, for example, New York city, which is possibly the most similar city to London, in many ways? The crime rate there has been quartered in the past 15 years.

Simon Hughes: I have been to New York and talked to the New York city police, and others, who have done some extremely good work. They do that most effectively through very good community-based policing and community-based projects. The sorts of things that work very well in New York are dedicated police for the estates and districts, who know the area like the back of their hand—they have push bikes and can abseil up tower blocks and so on. Involving the local community also works, so that the concierges on the estates are often people who live there, such as those who have taken early retirement.

I wanted to weed out material from my remarks rather than adding to it, but another interesting comparison is in a United Nations comparative report on children's issues around the world that was published at the beginning of the month. It made the point above all that we in Britain still demonise our children more than most countries. That is the impression that I get. In continental Europe, the attitude towards children and young people is entirely different, by and large. Children and young people are included more, and they are not separated into age groups. They have much better relationships, normally, with parents and grandparents, which is very important, and families live closer together. We have suffered a lot—this is a slight distraction—from social housing policy separating families over 30 years, so that the grandparents live nowhere near the grandchildren. That has been a huge disadvantage, because all the evidence is that elders can be hugely influential in making sure that children stay on course. Often they are better confidants than parents, and they can be more influential.

Mr. Love: Will the hon. Gentleman give way one more time?

Simon Hughes: If the hon. Gentleman will forgive me, I am really keen that as many hon. Members as possible, in addition to the Front-Bench spokesmen, get a chance to speak in the debate.

I want to select the most important of the "Action for Children" comments. Some 41 per cent. of the young people know someone who has been personally affected by the things we are discussing—it has really spread now. The issue affects nearly half the families with young people in our area; 30 per cent. have been personally affected in some way, such as, for example, by the threat, "We'll get you later"; 36 per cent.—a third—are worried about gangs in their area; and only 28 per cent. now feel very safe in their community. That is very worrying.

We are talking in this context not just about inner-city streets, which are traditionally the rougher, tougher areas, but places such as the constituency of my hon. Friend the Member for Carshalton and Wallington (Tom Brake). The views in Sutton, Barnet, Haringey, Hillingdon or anywhere else are no different. Youngsters believe that their image is directly related to knife and gun crime, which they see as symbolic. They believe that if knife and gun crime can be brought down, those perceptions will change.

The Howard League for Penal Reform makes things very clear in key statements in the foreword to its report, which has just come out and which I commend to all colleagues. It states:

> "We believe that headway can only be made if we focus on empowering young people, restoring their self-esteem and providing them with alternative strategies for dealing with conflict."

It adds:

> "Punitive sentences are likely to be irrelevant at best and counter-productive at worst".

The report cites education over enforcement as the better way to proceed and states that all the evidence is that collaboration among the local organisations is what succeeds. There is mention of mediation, anger management and all those things, which we know work.

Out of all the difficulty—I want to end with this positive point—something came out very strongly. When I was standing in the rain, after David's death, the mum of another teenager who lived just down the road said "What can I do to help?" That made me think that there are many people who want to do more but do not feel empowered. I talked to her, and to local families and youth organisations, and a coalition of organisations has now come together in my borough, Lewisham and Lambeth to turn our tragedies into a positive outcome. This Thursday, at 6.30 pm in the Royal Festival hall, that coalition of people will come together to launch their campaign. The website already exists. They have chosen, by a collective decision, the title, "Enough! Make Youth Violence History". That makes the point that we do not need to reinvent the wheel; rather, we need to support and strengthen existing organisations that are doing good work on the ground and bring all the people, such as the mum who asked how she could help, into existing organisations that are looking for more people.

I shall give two examples of such organisations. One in my borough is called XLP, and it has been doing excellent work with young people for 10 years. It has a bus that is taken out to some of the estates. With more volunteers, XLP could go out more often. The Oasis Trust, just over the bridge in Kennington, does excellent youth work and radio projects in the summer with young people. With more volunteers, there could be more evening and youth club work. On Thursday, there

[Simon Hughes]

is to be an appeal by all those local organisations—the list is too long to set out, but it is available on the website. The message is "Come and join us: if you are a company, perhaps use your community action day to come and volunteer; or increase the amount of mentoring you give. If you are an individual without much time but who may, even in these difficult days, have a bit of cash, could you put it into our organisation so we can fund another youth worker? If you are a mum who does not think she has much time, but who wants to do something, why not come and see whether you can volunteer with a local youth organisation?" The idea is to build on what exists. I hope that it will appeal.

We have also set ourselves a target—I mention this to the Minister, so that he can whisper favourably in his colleagues' ears—that some of the money from dormant bank and building society accounts that the Government are legislating to release for youth projects, and for which we are grateful, should be available not only for capital projects and new buildings, but for revenue projects to support additional work on the ground in Greater London. The Chief Secretary to the Treasury kindly said that we can go to see her in the near future to make sure that the case is understood and that money can be drawn down.

I shall end with my shopping list. We, as a community, need to do all that we can to support parents and families. We need to support schools, which are increasingly doing early school support in the morning, breakfast clubs and after-school clubs. We need to minimise school exclusions. All the evidence is that the excluded pupil is the most vulnerable and prospectively the most troublesome pupil. We need to deglamorise gangs. All the evidence is that in the end gang membership is not a satisfactory way to live one's life and is much more dangerous than other ways of life. We need to develop after-school, evening and weekend youth services. Youth services are often great on a weekday but not much good on a Friday night, Saturday or Sunday, because they are not open. We need to develop mentoring, starting really early. Good mentoring can start at 10 with the transition from primary to secondary school. We need to support our youth services.

I make a plea—my hon. Friend knows that I am seeking to persuade colleagues to do something in our boroughs, and I think that the Mayor is being positive about it—for a detached youth worker in every Greater London ward, to complement the safer neighbourhood teams. They should be independent of the police and should be good youth workers out on the street. Those are sometimes more effective at getting intelligence and young people's confidence. I commend that idea and would be grateful if the Minister would be good enough to look at it. We need to increase the protection of witnesses, so that they are confident to give evidence, and we need to support existing good organisations.

Lastly, we need to be optimistic that together we can say, in the words of the newly-formed group that is launching on Thursday, "Enough! We can make youth violence history." This level of youth violence is inevitable, and I think that we can have a different city, as New York and other places have evidenced. I am keen that we collectively look for ways to do that.

Mr. Bill Olner (in the Chair): This is a most important and well-attended debate. I intend the winding-up speeches to start at 12 o'clock, so if hon. Members show a little self-discipline, I will allow as many as I can to speak.

11.31 am

Mr. Andrew Pelling (Croydon, Central) (Ind): I will keep my remarks short, Mr. Olner. I thank the hon. Member for North Southwark and Bermondsey (Simon Hughes) for securing the debate and emphasising that people across the community in London are rising up to try to find a means of solving this significant problem.

In my constituency, interesting and good work has been done by young people who want to have an input in that debate. I particularly want to mention Eliza Rebeiro, who is 15 years old and runs the lives not knives campaign, and also Michael Castle. Both emphasise the importance, as did the hon. Gentleman, of not demonising young people and of recognising that they have a contribution to make to the debate.

As an MP I have visited families in Croydon who have suffered the loss of children through knife crime. Unfortunately, Croydon has the justified reputation of having the highest number of knife killings in this country, and the destruction to those families is especially heart wrenching. The parents of Oliver Kingonzila have lost another son this year through a heart attack, and in many ways they will also suffer the sadness of seeing their other son deported after finishing a prison sentence, so they are being punished once again.

I am also mindful of the extremely good work being done by the co-ordination between Croydon council and the Metropolitan Police Service in coming up with many solutions to tackle the issue. It is often forgotten that the Government put in place good architecture to encourage working between different parts of the public sector, and that has very much come to fruition in the work that has taken place in Croydon.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Does the hon. Gentleman agree that a wider range of community groups also have an important role to play in tackling the tragedy of knife crime? I would like to highlight an initiative in Barnet in which the police, the council and a number of church groups have been working together on a project called the week of peace, which has a range of ways to try to promote youth self-esteem and mentoring and to tackle some of the underlying causes of knife crime.

Mr. Pelling: That kind of joint approach is a good one. I am keen to give other Members the chance to speak, so there is not enough time to detail the work on those initiatives being led by our borough commander, Mark Gore, and a leading councillor, Steve O'Connell, but some of them include working with education and welfare officers to identify those youngsters who might be at risk of being involved in a conflict and taking them from the streets before they get involved in trouble. They try to bring together all of the different members and stakeholders in the public sector in what is called a turn-around centre so as to identify how they can work to deal with the issues. Croydon also has a licensing committee in situ that is able to meet at 24 hours' notice and remove a licence from a premise that has obviously been a source of trouble, as was done in the case of the murder of the young Oliver Kingonzila.

I would like to conclude by making a more controversial statement. I have seen incidents in my town in which there has clearly been no respect for the police service. We had an incident in front of 300 shoppers last Saturday afternoon during which there was a pitched battle of extreme violence between youngsters. It did not lead to a killing, but nevertheless we see a situation in which no respect is given. I believe that the very good work being done by the police, local authorities and others in the public sector will eventually lead to a success, but in the immediate short term, a more radical solution is needed. I know that in saying this I will raise the spectre of Croydon's reputation being further damaged, but people are already being killed on the streets of Croydon. We have an Army with the highest reputation in the world for civil policing. For a short period, and as a pilot programme, I believe that our Army would be better used on the streets of Croydon, rather than being left at Basra airport. That would send the message that we will no longer tolerate the killings.

I have already written to the Minister of State for the Home Department, the hon. Member for Gedling (Mr. Coaker), about that proposal, and I am extremely grateful to him for coming to Croydon to listen to the views of young people there. It was really impressive that a Minister came to listen and not to speak. He is truly a listening politician. I know that he has not been able to reply to the letter that I wrote to him on that controversial idea, but when people are being killed on the streets of Croydon, we have to do something immediately to try to stop it.

11.38 am

Angela Watkinson (Upminster) (Con): I will keep my remarks as brief as possible, as you have suggested, Mr. Olner, as a few other colleagues would like to speak.

This is an important debate. I will start by saying that Upminster is part of the London borough of Havering, which as an outer London borough does not suffer the same level of youth violence as some inner London boroughs. Nevertheless, we have had a mercifully small number of tragic incidents. Each and every incident in which a child dies is a tragedy for the families concerned. If there has been no successful prosecution, those families find it almost impossible to grieve properly and move on because they are unable to feel the sense of closure or of justice being done that would enable them to at least cope with—they can never get over it—the loss of a child.

There are two aspects to the debate. One relates to the reasons young people get involved in gangs and violent behaviour, and the other, which flows from the first, is what action can be taken. The reasons why young people get involved in gangs are wide-ranging, and those involved often come from homes in which there is no order or support from parents. Children often turn to gangs for a sense of belonging, and the gang leader is often a charismatic young person who might have suffered violence or a lack of order in their own lives. They gain self-respect and self-confidence by intimidating, bullying and manipulating other people, sometimes weaker, young people, who will feel safer within a gang, in the knowledge that they are less likely to become a victim themselves.

Friends of mine who are criminal barristers have said that some young people will attend court having got into trouble without really understanding where they are, or why they are there, and that sometimes their parents do not bother to turn up. I ask hon. Members to imagine a young person who has committed an offence and ended up in court, but who does not have the support of family members. That is the case with a small proportion of them.

Ms Buck: I hope that the hon. Lady accepts that tragically many young people involved in criminal and antisocial behaviour often come from families where the parents might have been drug or alcohol abusers or have severe mental health problems or other similar conditions. In addition to working through the youth services and with young people, we need to look at the capacity to provide family therapy and support to help break that cycle of difficulty, which can cascade down through generations.

Angela Watkinson: The hon. Lady is absolutely right. A safe, secure and supportive family background is the foundation that children need to lead productive lives and to take every opportunity, educational and social, put in front of them. Without that, they face enormous difficulties.

For the small number who receive a custodial sentence, it is essential that while in custody they receive an education and training and develop an understanding of right and wrong, which they might not have had before they went in, so that they come out better people and with an understanding of what went wrong in their lives. That way they will be better placed to have a positive and constructive future.

Mr. Love: Does the hon. Lady agree that there is a dire need for more research? The hon. Member for North Southwark and Bermondsey (Simon Hughes) mentioned the role of postcode, geographical frictions in our society, and we heard last week at the all-party group on social enterprises about the role and amorphous nature of many gangs. Surely society needs to understand better the motivations of the young people who get involved in violence.

Angela Watkinson: That would also help schools, which are doing a lot of good work through their pastoral care and the clubs that they run for the social side of young people's lives. However, schools cannot be expected to fill a void in young people's families. The demands on schools are growing every day, but there is limited time in the school day. They are doing their very best—they do everything possible—but full responsibility cannot be put on them to control, for example, knives and drugs entering their premises. There is no magic wand. A combined effort is needed: schools, families, the police and community groups need to join together. There is no magic, two-minute solution.

Children need to know that if they do something knowingly wrong, there must be a penalty and that they must take personal responsibility for their actions. The youth facilities in my borough are extremely good and wide ranging, but I am constantly being written to by young people telling me that there is nothing to do; they are quite surprised when I write back with a big list of all the things to do. However, it is not the responsibility of councils, schools or anyone else, to entertain children.

[Angela Watkinson]

Parents have the primary responsibility for knowing what their children are doing and finding things to occupy and interest them.

Detached youth workers have been mentioned in respect of the unclubbables— young people who do not want to belong to anything—but that is a very long-term procedure. I have spoken to detached youth workers who will identify groups of young people out in public places at night and getting themselves into trouble. It takes a very long time to approach them and to even get them to talk. Getting them to change their attitudes and to understand that there are other, more positive, ways in which they can spend their time is a long-term procedure. It is very valuable, but will not bring an immediate solution. Clubs and organisations for young people have something to contribute: the armed forces cadets, scouts, guides, boys' brigades, St. John Ambulance and church clubs all have something to offer young people. If only we could get them there to see what is on offer, they would find that actually they could enjoy it and acquire new skills and a sense of self-confidence and self-respect, which are the essential precursors to having respect for other people and to moving forward in their lives.

Finally, I shall mention something that might surprise hon. Members, because it is not something that we instantly associate with youth violence. I would like to see promoted the benefits of dance, socially and in schools. The health, social and artistic benefits of dance could bring in disaffected young people who perhaps do not want to do sport—the physical benefits of dance are just as great. Particularly with the music that goes with it, it might be attractive to those young people. We should find ways of promoting dance among them and diverting all that negative energy into something positive that could change their direction and bring out their talents. It would be an investment in the future, because our young people are the next generation of professionals in this country, and we need to bring out the best in them. We must work together to put back on to the right track those going astray and in the wrong direction.

11.47 am

Mr. Mark Field (Cities of London and Westminster) (Con): Thank you, Mr. Olner, for allowing me to make a brief contribution to this debate. I congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on obtaining this debate; his contribution on his own inner-London borough was very thoughtful. It is a tribute to the importance of this debate that so many hon. Members have turned out today. We have heard from my hon. Friend the Member for Upminster (Angela Watkinson) and from the hon. Member for Croydon, Central (Mr. Pelling). This is a major issue about which we all feel very strongly.

To be brutally honest, I fear that we will not necessarily be able to find an enormous number of solutions out of hon. Member's speeches, and I confess that much of what I shall say will be to put on the record some of the concerns in the city of Westminster. In the past six months there have been some 303 recorded youth violence incidents in Westminster—a 6 per cent. drop from the previous year. We can all be pleased with that reduction, although I take on board a number of the concerns about the reliability of certain statistics, particularly in relation to the more serious aspects, such as knife crime.

The very great majority of youngsters in London constitute a positive and valued part of London's population, but find themselves tarred with a particular brush and considered a problem in their youth—that probably happened in all our youths, but it seems to be an even more prevalent media story today. I am not complaining about the media, and one fully understands that some of these terrible crimes need to be covered, but the fact remains that the great majority of London's youngsters are extremely hardworking and thoughtful. We have all visited schools. It never ceases to surprise us how well genned up are many of our youngsters on matters political and how in many other ways they are able to make a great contribution.

It must be extremely difficult to be brought up in the very busy parts of London, particularly of inner London, where there are relatively few things for teenagers to do.

Simon Hughes: To reinforce that point, one of the most exciting things that I have done in the past few weeks was to visit the City of London academy in Bermondsey where, last Friday, it held a school election for its head girl and boy. The turnout at all the assemblies was huge. There were six candidates—three girls and three boys—which was a sign of real, mature interest, excitement, enjoyment and fun. This morning, I had the privilege of being able to ring up the winners and say, "Good luck, guys; I hope you live up to your promises." The hon. Gentleman is absolutely right that there is much good energy and talent, and that we need to pick up on those examples, rather than look elsewhere.

Mr. Field: I could mischievously suggest that the hon. Gentleman should also speak to those who came third. That would be a very typical thing for a Liberal Democrat to do.

Simon Hughes: In Bermondsey, it is always the Conservatives who come third.

Mr. Field: I guess I stepped into that one.

As is the case with a lot of crime, the perception and fear of crime are often at the heart of the problem. The significant coverage given to all the recent knife and gun crime fatalities has meant that young people naturally feel scared. I have heard of pupils from Westminster City school articulating their concerns about feeling intimidated by gangs of youths in the street and on buses. It is important that young people believe that youth crime is taken seriously, that reported incidents are dealt with swiftly and effectively and that there is a police presence on our streets and transport systems to make people feel safer.

Ms Buck: There is a problem with perception in some schools, which, I suspect, goes across the board. Schools that are seen to be addressing and debating issues of youth violence, including those in which police officers have been stationed, often report parental concern, particularly at the time of application, about the very fact that there is a police officer linked to the school or that there is a high-profile debate about youth violence. Other parental concerns include schools' work with

community organisations such as the excellent Uncut, which works in my area. Those concerns put parents off and are perceived to demonstrate that those schools are in trouble. Does the hon. Gentleman agree that we need to urge all schools, in London and elsewhere, to recognise that this issue is a fact of life that we have to debate and address? Does he agree that if a school does so, it is not a sign that it is a sink school?

Mr. Field: The hon. Lady is absolutely right. She has made her point extremely well, and I do not need to add to it.

Concern about youth crime extends to older constituents, because youth violence spills out into busy public areas. Many hon. Members will know that one of the most high-profile knife killings occurred in my constituency on 13 May last year, when a 22-year-old man had his throat slit in a McDonald's on Oxford street. That happened in front of horrified shoppers, while rival groups hurled drinks and fought on the pavement outside. That sort of youth crime is not somehow ring-fenced; it affects the population at large.

I recently met one of Britain's top trauma surgeons, who operates at the Royal London hospital. He confirmed that there are significant problems with the collection of evidence and reporting of knife violence to the police, and recommends a more joined-up approach between all the authorities concerned, including the police, the Home Office, hospitals, the Mayor of London and local authorities. I am pleased that the Mayor intends to emphasise the need for joined-up thinking in the strategic framework for London that he will launch next month. Similarly, Westminster city council is keen to develop information-sharing protocols and codes of practice with neighbouring authorities in order to work together on addressing the serious youth crime and violence that transcends boundaries. As the hon. Lady has rightly pointed out, in many of our schools in Westminster, the majority of children and parents are from outside the borough, which makes such joined-up thinking all the more important.

We have discussed the complex factors that interact to increase the probability of a young person turning to violence. They include a lack of discipline and of role models, fractured families, personality type, lack of support and the influence of peers and siblings. I am afraid that the glamorisation of gang violence is another factor, which will be very difficult for us to counter fully.

My final point is about the initiatives that are taking place in Westminster city council. Today is probably an appropriate day on which to mention this, because the leader of the council has just come out with a detailed plan to address what he regards to be the 3 per cent. of problem families who produce 97 per cent. of the work load in a whole range of Government Departments. One initiative in particular is worth serious consideration. Offenders who are sentenced to do community service are often required to do hundreds of hours of unpaid work, and the council would like to incorporate that work locally as part of suitable youth diversionary projects. That would also help to introduce a sense of responsibility and purpose, and would, I hope, do its bit to reduce reoffending.

11.54 am

Mr. Andrew Love (Edmonton) (Lab/Co-op): I, too, start by congratulating the hon. Member for North Southwark and Bermondsey (Simon Hughes) not only on having the good sense to secure this important debate, but on regularly speaking up in Parliament about London-wide issues.

I think that I am, unfortunately, the Member with the largest number of knife murders this year in my constituency. As those events unfolded, my constituents and I were not prepared for what was about to happen, and we did not fully understand the gravity of the issues that we would have to face.

[Sir John Butterfill *in the Chair*]

Today, I shall draw out three issues that are critical if we are to deal effectively with the wave of knife and gun crime in the capital. I hope that the Minister will address them all in his response. The first issue, which I have touched on in questions that I have asked previously, is the lack of adequate research into some of these issues. I have two examples to demonstrate that, one of which was mentioned by the hon. Gentleman. He discussed the territorial aspect of much of the friction that occurs in relation to prisons, but there is much evidence emerging in my constituency that people who live in the N18 area will not cross into the N9 area. I am sure that there are similar problems in other constituencies. We do not fully understand that problem, and more research is required to do so.

My second point relates to gang culture. There was an interesting seminar last week, which many hon. Members present attended, at which detailed research was discussed. Most of that research is going on in other parts of the country, but the area most affected by this problem is Greater London. We need much more research into gang culture. I suggest to the hon. Member for Croydon, Central (Mr. Pelling) that understanding why and how horrific incidents take place, including the reasons for them, would take us a long way forward in producing policies in response to such incidents.

Several hon. Members have mentioned schools. They play a critical role, but not in the conventional sense. It is the wrong approach to talk about introducing wands and other mechanisms to find out which pupils are carrying weapons. We need to monitor what is happening in schools, because much of the evidence that has emerged in recent years suggests that exclusion is the first alarm bell regarding possible antisocial problems. It is obvious that schools have a role to play in that regard. They know when there are difficulties at home and where there are fractured families. They know, from the exclusions themselves, that antisocial behaviour is beginning to occur. When kids are permanently excluded, they are well on their way to some of the difficulties that we are experiencing across London. Schools play a critical role, but that role should be about information, education and trying to bring kids back in, rather than excluding them. Schools should involve other agencies when they are experiencing difficulties, and they should be able to include all pupils in their activities.

The third area that I want to discuss is our short-term approach, because there is a need to reassure the community that we are dealing with gun and knife crime effectively. We have Operation Blunt to disrupt the activities of gangs and youths who are involved in antisocial behaviour

[Mr. Andrew Love]

and violent crime, and we need to look at the criminal justice system. I ask hon. Members to look carefully at how the youth justice system is responding to this wave of violence. There has been a greater recognition that cautioning is not good enough, but I think we should go further.

The latest case in my constituency was a murder at the beginning of the year. The young person who was found guilty of that crime was given only a five-year sentence. I will not comment directly on that case as I am sure that specific factors led the court and jury to that decision. However, I point to the signal that it sends out about how seriously we are dealing with the problems. There is a role for the whole criminal justice system in taking care to ensure that we send out the right signals about how seriously we treat these issues.

I hope that the Minister will respond to those points. Once again, I congratulate everybody on contributing to this debate on what is a very important issue.

12.1 pm

Tom Brake (Carshalton and Wallington) (LD): Like others, I start by congratulating my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) on securing this debate. He has led from the front on issues of violence in his constituency. Indeed, his life was put at risk by the actions that he took in trying to bring a case to justice, and I commend him for that. I also congratulate the Minister on his first attendance at such a debate. He has missed the four or five that have been held in the last six months on this issue. No doubt he will be in post for the four or five that I anticipate will regrettably be held in the next six months.

Like my hon. Friend, I will start by setting out some ground rules that should apply to this debate and to debates of this nature. First, we must not typecast youngsters. I am pleased that nobody here has done so. Some hon. Members have deployed statistics to confirm that only a very small minority of young people are violent. The figures I have heard are that 3 per cent. of young people are members of gangs and a third of gang members do not offend. We are therefore talking about only a small number of young people. Only 3 per cent. have carried a knife, which means that 97 per cent. have not.

We must accept that there are no simple solutions. There have been calls for mandatory prison sentences, huge increases in school exclusions and short prison sentences for youngsters when the evidence shows that that is unhelpful and does not lead to a reduction in reoffending. Hon. Members have outlined a number of possible solutions today. We must accept that the solutions will be complex and will involve many different aspects of work for many different Departments and organisations, such as the police.

We must accept that there is a sound basis for the crime statistics that we use so that we do not argue about those instead of about what the solutions should be.

Stephen Hammond (Wimbledon) (Con): The hon. Gentleman has made the point that the solutions may be complex, but they must also be relevant. Particular attention must be given to the times when the mass of problems occur. The hon. Member for North Southwark and Bermondsey (Simon Hughes) mentioned after-school responses by youth workers. Also relevant is what is offered by the youth services. In my constituency, Working Together for Wimbledon has youth workers working after school and offers young people the chance to do sessions in rap and music rather than the more traditional activities. That is an important part of the response.

Tom Brake: I agree entirely. The solutions must be appropriate and timely. An example that I have often heard and that I am sure the hon. Gentleman has heard is the timing at which safer neighbourhood teams are out and about patrolling. We need them not at 9 o'clock on a Monday morning when nothing is happening, but at 9 o'clock on Friday and Saturday nights when things are beginning to hot up, so to speak.

We are all in broad agreement that the problem we are trying to tackle is the growth in youth violence and in the number of young people who are dying as a result of knife crime. We all recognise that area of growth. Unfortunately, we are on track for a record number of young people dying by stabbing in London this year.

People are trying to tackle this problem in different ways. My hon. Friend has described what is being done by "Enough!" and I wish it good luck and success. There have been a series of marches because communities have felt that they need to do something. A march is a visible way of raising concerns. We have heard protest songs. Perhaps other hon. Members have been e-mailed by Kinzli Coffman, who sent me her protest song. That was the only way that she could think of to respond to this issue as an artist. Choice FM has been running a successful campaign to reduce violence and has been trying to find diversionary activities for young people to take part in.

I will try to give the elements that must be in a comprehensive solution. Clearly I cannot give an exhaustive list and I may repeat what other hon. Members have said. The starting point must be to boost the public's confidence and reduce their fear of crime. We must also increase their confidence in the system's ability to respond to the issues that they raise. On reducing the fear of crime, we had an interesting sitting of the Home Affairs Committee last week where the regional editor of the Newsquest Media group confirmed that his group has agreed no longer to carry adverts for massage parlours because doing so feeds the trafficking of women. In effect, it is pimping for pimps. Perhaps regional editors should look also at their role in the reporting of crime. That is not just about the impact that that has on the fear of crime, but whether it potentially leads to more young people carrying weapons because of what they read in the press. We need a greater level of responsible reporting.

To boost people's confidence in the system, the police must look at how they are equipped to respond. Over the summer, Ian Johnston made some interesting comments about the public's perception of the police, particularly in relation to very simple things such as whether the police answer the phone when somebody calls. The police must look at how they should respond.

On the possible solutions, I am grateful to Juanjo Medina from the school of law at the university of Manchester. I was at last week's session where he set out his suggestions. I also thank 11 MILLION, as did my

hon. Friend, and Jennifer Blake of the Eternal Life Support Centre, whom I met on Sunday when I heard some of her ideas. The first point must be about research. All hon. Members have said that we do not have a detailed body of research that assesses what works and what does not. Apparently, we do not have longitudinal studies looking at young people from an early age up to their teenage years to see what is effective. My first question to the Minister is whether he will make a commitment on behalf of the Home Department to commission that research or pull it together so that there is a body of detailed research that we can look at.

There must also be research into what is happening in accident and emergency units. The police, the health service and the Home Department must work together to ensure that there are detailed statistics. I understand that there has been a significant increase in the number of people going into A and E as a result of violent incidents, but that our health service is fortunately getting much better at saving them. Those incidents do not therefore feed through into death statistics. However, there is an increase in such instances.

We must then look at policy. The Government are doing good work in tackling issues such as child poverty and social exclusion, which clearly feed this problem. We must look at the level of support that is available. The support must target the most prolific gang members, but it must also help their families, perhaps in a discreet way rather than in a head-on way.

We must look at the support that is provided to schools. I will be interested to hear what the Minister, who was a teacher in his previous guise, has to say about this issue. As has been said, exclusion is the single greatest trigger of future problems. The Minister could usefully comment on what can be done to assist schools in that respect and in tackling the issue of knife crime without scaring off parents. Other support includes trauma counselling for those who have witnessed violence, who are often very young people.

Then, clearly, we need to move on to the policing aspect. Stop and search has a role, as long as it is targeted and as long as police recognise that, for example, some gang members are on the periphery of the gang and are not involved in criminal activity; in their case, therefore, the approach needs to be as subtle as possible.

I will bring my remarks to a conclusion by referring to the issue of diversionary activities. We hope that those activities will be funded by dormant bank accounts, once that money is tapped. In the all-party group on child and youth crime, we heard that in Moss Side, rather than in London, young people have to be taxied from that area out to youth activities, because, astonishingly, there was nothing for them to do there. I hope that that is not also the case in London, but it may be, and if it is the case, clearly we need to see investment in youth provision—not necessarily youth centres, but youth activities—in the areas that need it most.

I hope that the Minister, for his maiden experience of these sessions, has heard a reasonably cross-sectional and apolitical contribution from all Members, apart from the little diversion there about school exclusions, and also some very sound suggestions that I hope he will take on board.

12.11 pm

James Brokenshire (Hornchurch) (Con): I would also like to congratulate the hon. Member for North Southwark and Bermondsey (Simon Hughes) on securing this debate and on the very mature and well-grounded comments that he made. I know the passion that he has about this issue, which I share. We both took part in the people's march against knife crime on 20 September and I know that he was as affected as I was by the contributions made by family members, friends and other people in the community who had been touched by knife crime against people whom they knew. It would have been very difficult not to have been moved by the outpouring of emotion that came from that event and, in part, that emotion has been reflected in other contributions that we have heard from Members today.

It certainly puts this debate in context that there has been another murder overnight, admittedly not in London but in Liverpool, and I am sure that the thoughts and prayers of everyone in the House will go to the friends and family of everyone who has been touched by these appalling incidents.

I would also like to congratulate the Minister on his appointment and welcome him to today's debate. I hope that he will bring some new focus and attention to this most serious of issues.

This has been a well-informed and interesting debate and I have agreed with a large number of the points that have been made by Members during it. I would just like to pick up on the last point that was made by the hon. Member for Carshalton and Wallington (Tom Brake) about the situation in Moss Side. Sadly, the taxiing of some young people to youth facilities from that area was not necessarily simply because those youth facilities were not on the doorstep; it was the fact that those facilities were in a different gang member's area and therefore it was not safe for members from a rival gang area to go there. That highlights the terrible tragedies and issues that, sadly, so many young people have to face in their everyday life, not just across London but across the whole country.

I would also caution the hon. Member for Croydon, Central (Mr. Pelling) about the idea of very firm approaches to this problem, including his suggestion that the Army be used. That would be absolutely the wrong way to address this issue, which can be dealt with by firm policing, prosecutions and prevention strategies, building through communities. To use the Army would send out entirely the wrong message.

Simon Hughes: One of the phrases that has emerged in all the discussions in south London has been that we want a "volunteers army", rather than the military. We need more people to become involved, to provide that extra capacity and to be the type of role models that the hon. Member for Upminster (Angela Watkinson) and other hon. Members referred to earlier.

James Brokenshire: That emphasis on community is extremely important in this debate and we should recognise the very positive contribution that young people play in their communities and the essential role that they perform. Last night I was at a school prize-giving at the Chafford school in Rainham, which has a very good peer mentoring process. It is championing and leading the way on this issue, showing that we need to focus on community activities to make a difference.

[James Brokenshire]

Understandably, many hon. Members have highlighted the shocking number of teenagers who have been killed on London's streets; 27 teenagers were murdered in London in 2007 and that number has already been reached for 2008. These tragic events feed into the appalling situation of violent crime where knives are used. Last year, 258 people across England and Wales lost their lives in incidents where a knife or other pointed weapon was used. That figure was up by nearly a fifth on the figure for the previous year and up by more than a quarter on the figure 10 years ago.

One of the most disturbing trends is that both the victims of these crimes and those suspected of carrying out the offences are getting younger and younger. What is unacceptable to me is the impact that these serious offences have on the quality of life of youngsters growing up in our city. A recent report by NCH, the children's charity, highlights the shocking situation of young people growing up with the real fear of becoming a victim of crime, particularly violent crime. Even more recently, there were the comments by the Children's Commissioner for England and Wales, who said that children and young people in England felt increasingly unsafe in their local area, with one in four concerned about violence, crime and weapons.

Part of the challenge is to ensure that we obtain better data about the nature and extent of violence against our young people, and young people need to know that that information matters. That is why it is essential that crimes against under-16s are recognised within the British crime survey. It has not been helpful that the Government have been so slow to act on that issue, because the failure to include that information gives the impression that, in some way, because those crimes are not measured they do not count. That is why the issue of reporting is so relevant.

As we have heard, recent analysis of accident and emergency units has shown that knife-related injuries may well be very heavily understated. Certainly that was the indication from one east London hospital where some research was carried out. That is why I endorse the Mayor of London's support for the greater use of depersonalised A and E data across London, alongside police data, to provide a more comprehensive crime picture regarding prevalence, geography and trends.

Mr. Pelling: The hon. Gentleman is being rather partisan; I thought that this was meant to be a non-partisan discussion, but he has been critical of what I had to say earlier. I urge him to reconsider that criticism because, after all, within France and Italy the use of the military within policing is an established process. The situation here is so serious that my constituents are, as he has described it, so afeared of being killed, and indeed are being killed on the streets of Croydon, that we need to think of an urgent means of intervention to deal with this matter. The proposals that he puts forwards about long-term solutions will work, but we need immediate action now.

James Brokenshire: Immediate action can come through a very strong and firm policing presence. That is the way to do it: to get more police out on our streets, to equip them with the tools that they need to address this issue, and to empower sergeants at the heart of community neighbourhood teams with the ability to invoke stop-and-search powers for a limited period if they know or have received intelligence that a serious crime of violence is about to be committed in their area. That approach is a far stronger, far better and far more community-oriented way to deal with these types of crimes, based on information that is provided to those police sergeants who are very much at the heart of the community. This type of policing is an issue that I have raised before and I urge the Minister, in his new role, to consider taking it up, because it could make a significant difference in breaking this appalling situation that we see in far too many of our communities at the moment.

I come now to the Government's announcement today about additional funding for safer schools partnerships and for ensuring additional funding for routes home from school and for other safeguarding measures. I welcome the focus on those areas, but we need to understand that this issue is not simply about specific people at specific times in specific areas. It is a much broader issue than that, and I urge the Minister to consider a much more wide-ranging set of initiatives to address it. That is why we need to strengthen families, to provide younger people with a much more stable environment to grow up in; that is why we need to encourage young people away from crime, by helping them off welfare and into work; that is why we would introduce the national citizens service for all 16-year-olds who want a place to help them to develop as individuals and allow them to make their own contribution to society; and that is why we would put much greater emphasis on getting people off drugs, rather than maintaining them in addiction.

I welcome much of the work that is being done in our communities. Kids Count is an innovative organisation that seeks to give voice to young people, ensure that they are very much at the heart of the debate, and explain how they can have a positive say. In addition, the Mayor's office has taken firm steps through educational programmes to tackle violence.

I welcome this debate. It is good that we have had an opportunity to discuss the issues, but we need a commitment to short-term, medium-term and long-term action. We have the power and a duty to act. Young people are our future. We must ensure that they can look forward to that future with confidence and hope, and without the fear of falling victim to the scourge of violent crime.

12.20 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I am grateful to the hon. Member for North Southwark and Bermondsey (Simon Hughes) for securing this important debate and for the reasonable way in which he introduced it and set the tone for what has been a constructive discussion. I thank him and all Members who contributed to it. I shall make a few general comments before trying to respond to all the points that have been made by hon. Members.

I want a strong message to go out today so that anyone listening to this debate will realise that there are, understandably, many views on how best we can tackle youth violence, not just in London but across the country, and that although we do not all share a particular view,

we are united in our commitment to making that a priority. We are also united in sending our condolences to the families and friends of the young people—there have been too many of them—who have lost their life in recent times.

It is absolutely clear that youth violence is a challenging area for communities—not only where it happens but where there is fear of it happening—and for the Government. It is not helped by some media coverage of horrific cases, which sometimes gives the wrong impression that all young children are out of control and that no one is safe on the streets of our capital. Behind each of the stories is a personal tragedy, but, mercifully, such instances are rare. However, because there is tragedy and an issue to resolve, we are determined to take robust action against the minority of young people who commit violent crime.

I shall not give too many statistics, apart from saying that three quarters of young people do not get involved in crime or offend, and 5 per cent. of the worst offenders are responsible for about half the youth crime that takes place in their area. As many hon. Members have said, it is important that we do not lose sight of the fact that the vast majority of young people do well and are a credit to themselves and to their families.

I want to say something about the background to the issue, which has shaped our approach and will go on shaping it. We set out earlier this year a broad and comprehensive approach to tackling youth crime in the youth crime action plan, which seeks to reduce all types of criminal activity by young people. It is fair to say that many of the commitments made in the plan and the interventions that are proposed will go some way to tackling violent crime among young people. We are backing the plan with £100 million of funding over the comprehensive spending review period to help prevent young people from getting involved in crime.

There are three pillars to the youth crime action plan. The first is tough enforcement in response to unacceptable or illegal behaviour. The second is non-negotiable support to address the underlying causes of poor behaviour, including the use of parenting orders, and the third is early intervention to tackle problems before they become serious or entrenched. The reality is that we cannot have one unless all the others are in place. That has been picked up by hon. Members throughout the debate. It must be clearly pointed out to young people who are in danger of committing a crime or carrying out antisocial behaviour that they face swift enforcement and a response to stop bad behaviour in its tracks.

Hon. Members have also pointed out that we must look at longer lasting solutions to the problem. We must change behaviour—it is hoped that that will not require too long a period—but also have an effect in the longer term.

I very much agree with the hon. Gentleman's point about understanding why young people may feel that it is somehow in their interest to carry a knife. He made a plea for involving young people in the process of finding out why they feel that way, and I want to reassure him that that is precisely what we are doing. If he sees a campaign in the media about knife crime and looks at how the message is being put out, he will realise that the campaign not only targets young people but that often it has actually been drawn up by young people themselves.

We need to concentrate on practical steps that will make a real difference. Several hon. Members referred to the Home Secretary's announcement about security on the way to and from school. That was a response today to the tragic events in Liverpool, but I assure hon. Members that the plan has existed for some time and that we intend to roll it out.

We also want to look at diversionary activities for young people. My constituents are like those of the hon. Gentleman: their first response to a question about young people is often not about the danger that young people pose but about the lack of activities for them in the area. The Government are looking at the issue, particularly what is available on Friday and Saturday nights. It is not rocket science that we need to ensure that resources in an area are targeted not only at where they will be most useful but at when they will be most useful.

Several hon. Members referred to statistics, and I want to reassure them that that work is being done across the Government. In particular, my Department is working with colleagues in the Department of Health to collect data, but we have to make sure that when they are brought forward, they are in a proper, manageable form that allows us to make proper comparisons. A danger if we do not do that is that people may get the wrong impression when the media report the figures.

The hon. Gentleman said that young people are reluctant to come forward. I understand that and do not underestimate the difficulties in encouraging them to do so. This is about building trust and a sense of safety and well-being in the area, and that is not easy, but we want to ensure that victims are at the centre of what we do and that they feel that the system works for them.

The hon. Gentleman made a point about tougher sentences not deterring criminality. I agree very much with the hon. Member for Upminster (Angela Watkinson) in this regard. I want to send out a clear message that this is not an either/or situation. We must ensure that there are measures in place to divert young people and that they have positive role models. We must use education and so on, but we must also do things in the short term. That means sending out a message to young people who carry weapons that they will be detected, that action will be taken against them, that they can expect to find themselves in court for serious incidents, and that, in some cases, they can expect a custodial sentence. Deterrence is important.

The hon. Member for North Southwark and Bermondsey was tempted to make international comparisons. I was pleased that he mentioned local neighbourhood policing, which is at the centre of what we are doing. We want to embed it through the policing Green Paper, but we are also doing some work on gangs. The overarching theme in many of the issues that we discuss, whether knife violence or gun crime, is the growing preponderance of gangs in our areas.

The hon. Gentleman mentioned the event on Thursday, "Enough! We can make youth violence history." I wish the group well. Unfortunately, I cannot be there because I am due in Liverpool on Friday. Tragic events there have given us a new focus.

The hon. Member for Croydon, Central (Mr. Pelling) made an important point about not demonising young people. He also discussed best practice. What we are

[Mr. Alan Campbell]

trying to do in 69 areas—12 of them in London—is to concentrate resources but also to learn best practice. I agree with what he said about the need for a solution, if not with his solution.

The hon. Member for Upminster made important points about the lack of family support and role models. I thought that she was answered very well by my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck), who made a point about alcohol and drug use—

Sir John Butterfill (in the Chair): Order. We must move on to the next debate.

PC Gordon Warren

12.30 pm

Tom Brake (Carshalton and Wallington) (LD): I am grateful for the opportunity to have this debate, which is the third parliamentary debate on this subject in the past 14 years.

This must be, without a doubt, the Metropolitan Police Service's longest-running unresolved dispute. The beginning of this tragedy dates back to a period in policing when Detective Chief Inspector Gene Hunt, the tough nut in "Life on Mars", would have felt in his element. It started in April 1982, with a booze and blue movies all-night party, about which I will give a little bit more detail later. This story has blighted Mr. Warren's life and has hung like the proverbial albatross around the necks of a succession of Metropolitan Police Commissioners—Sir Kenneth Newman, Sir Peter Imbert, Sir Paul Condon, Sir John Stevens and Sir Ian Blair. With a story that has spanned 26 years, there will be long, static periods where nothing happens. But much has changed since the last debate eight years ago, which is why a debate now is appropriate.

The medical officer, who was central to this story, is now deceased. Sir Ian Blair, who was also central to it, is gone—I must say that neither Mr. Warren nor I particularly lament his departure. I speak only from my personal experience of Sir Ian Blair's involvement in this case. I can tell the Minister that what I thought was a confidential conversation that I had with Sir Ian was then relayed in writing to Mr. Warren in a way that was completely inappropriate and unacceptable. Another change is that the new Mayor clearly intends to take a hands-on attitude towards the Metropolitan police. The final thing that has changed is that Mr. Warren has prostate cancer. I mention this with Mr. Warren's agreement, not to engender sympathy, although it may do that, but to highlight the urgent need for closure on this matter.

The House is no stranger to the case of Police Constable Gordon Warren. I debated the case in this Chamber on 12 January 2000. It was also raised by my predecessor, Nigel Forman, who said in his speech that it was his longest-running constituency case. Unfortunately, it was my longest-running case in 2000, and it has dragged on for a further eight years.

Ministers are no strangers to the case, either. I met two Home Office Ministers when they were in office—the right hon. Member for Cardiff, South and Penarth (Alun Michael) and the hon. Member for Vauxhall (Kate Hoey). The Metropolitan police is, of course, familiar with the case. I have met Sir Paul Condon, Sir John Stevens and Michael Bennett and Glen Smyth of the Police Federation. We now have a new Minister who is familiar with this case.

In the previous debate this morning, I mentioned how the Minister would have to face four, five or however many debates on knife crime in future years. He may, indeed, be faced with a number of debates about the case of Mr. Warren, unless it is satisfactorily resolved shortly.

I want to set out, again, the key events of this sad saga, so that the Minister is fully briefed. He has clearly been briefed by his officials, but there are always two sides to a briefing, and the Minister needs to hear the other side as well. The case started in April 1982, when

Mr. Warren, then a serving police officer, was asked by his senior officer, an inspector, to attend a party at Sutton police station while on duty. Quite rightly, Mr. Warren refused, but that event triggered the whole sorry saga. That inspector actively tried to secure Mr. Warren's dismissal.

Another key event took place in January 1985, when a medical certificate was issued by the doctor, who I mentioned earlier—the medical officer who is now deceased—saying that Mr. Warren was medically unfit. That assessment was overturned by a number of consultants who confirmed that that was not so. But a year later, another medical certificate was issued by the same doctor.

In 1988, Mr. Warren won damages for wrongful dismissal and further damages in the Court of Appeal in 1989. In February, 1994, an ex gratia interim payment—I stress that it was supposed to be an interim payment—of £85,000 was offered by the Met. In April 1994, as I have mentioned, my predecessor as Member of Parliament, Nigel Forman, secured an Adjournment debate in the House on this subject.

In 1995, Sir Paul Condon finally—13 years after the blue movies party that Mr. Warren rightly refused to attend—wrote to Mr. Warren issuing an apology, in which he stated that there were absolutely no grounds for Mr. Warren's dismissal and no question of mental instability or paranoia.

The story moves on. In April 2000, and then in May 2000, letters were received from Sir Ian Blair, then deputy commissioner, offering a conditional settlement and then withdrawing it after Mr. Warren did not accept the settlement within an arbitrary period of time set by the Met.

In April 2002, the then Home Secretary, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), wrote to me challenging a number of assertions made by Mr. Warren and, interestingly in my view, stated:

"It is difficult to think of another respondent"—

by which he means the Met—

"seeking over a long period of time to offer a sum of money to a plaintiff well in excess of the sum awarded by the court."

I wonder whether the then Home Secretary, when he wrote to me, pondered why that might have been so. Perhaps the Minister intends to refer to that letter as well, in which case he may also want to reflect on why the Met was so adamant that it wanted to provide compensation that the letter says was

"well in excess of the sum awarded by the court."

The Met is not a charity, so it must have had a reason for making its offer. I can suggest a few reasons. Could it be that the Met thought it had a serious case to answer, had done Mr. Warren a terrible injustice and might still be subject to a legal challenge? Or is John Kenny, an ex-inspector who has followed Mr. Warren's case closely, right to state in a letter to the *Daily Mail* just a couple of days ago:

"If ex-Police Constable Gordon Warren...wins his case then it will conclusively prove that not all police ill-health retirements have been honestly earned and will thus fuel further the long-held suspicions that this expensive ploy of awarding such golden goodbyes has been used by the service for years to rid itself of those considered to be causing it an embarrassment"?

Those are a few explanations as to why the Met thought it appropriate to offer for a long period of time a sum of money in compensation

"to a plaintiff well in excess of the sum awarded by the court."

There is an extensive case history, documented in parliamentary debates—I am sure the Minister has had to read them or summaries of them—Home Office questions and correspondence between successive police commissioners, Home Secretaries and Home Office Ministers. However, 26 years on, there are still, unfortunately, outstanding issues.

First, I shall mention the apology to which I have already referred. An apology was issued by Sir Paul Condon, who said that

"you are entitled to a full apology, which I unreservedly give and regret the distress caused to you."

That apology was accepted, or considered acceptable at the time. However, the fact is that that was issued 13 years ago, and the matter is still unresolved. Therefore the apology has worn rather thin, and it would be appropriate for a further apology to be issued, reflecting the fact that the matter did not end with Sir Paul's letter.

The second impasse relates to the compensation figure. In fairness, I should point out that the matter has been before the Court of Appeal, which did not award aggravated or exemplary damages. However, as I have just quoted, it seems that the Met believed that there was a very strong case for offering Mr. Warren compensation. At one point, £95,000 was mentioned, but it came forward with a figure of £85,000, which was well above the sum awarded by the court, and recognised that the Met knew that it had done wrong and that it had to be seen to be offering a financial settlement that repaired some, but clearly not all, of that damage.

The third sticking point, which can never be resolved, is the Met's reluctance over decades to record Mr. Warren's allegation of perjury against the medical officer. Crimes may now be recorded over the internet, and everyone in the police force knows that every allegation of crime must be recorded, but for decades the Met refused to record Mr. Warren's allegation. However, we are where we are, and the medical officer is deceased, so there is no point in pursuing that issue, and it is impossible to continue down that road.

I anticipate that the Minister will refer to the fact—I want to address this pre-emptively—that the perjury allegation was investigated. That was stated in correspondence from a previous Home Secretary, the right hon. Member for Norwich, South (Mr. Clarke). Mr. Warren contends that the court papers make it clear that perjury was never fully investigated in the way in which the letters to me allege that it was, and that what was investigated was bias.

One could argue about the fine detail of what is or is not in the relevant court papers, but I emphasise that in 1994 the Met acknowledged that it had a serious case to answer, and the offer of what was then a substantial sum of £85,000 acknowledged its failings in the case. Mr. Warren and I do not find that offer acceptable. He has not worked for the past 26 years because of the apparent vendetta against him, which made him leave the force. If one considers the cost involved and the anguish experienced, the offer of £85,000 was paltry.

Where does Mr. Warren stand 26 years after the fatal party? He has been unable to pursue the career to which he had, until then, devoted his life. He wanted to

[Tom Brake]

continue carrying out his daily business as a policeman in, as Sir Paul Condon described, an exemplary way. He suffers to this day from the legacy of that vendetta. He has had the false allegations about his mental health thrown back at him by neighbours decades after the fateful party in April 1982, because his case, as the Minister knows, has received considerable coverage in the local press, the police press and publications such as *Private Eye*. It is a well-known case locally.

The case smacks of the bad old days of the Met. It features attempts by less principled colleagues to throw a straight policeman out of the force, with a medical officer working for the Met producing a medical certificate stating that Mr. Warren was suffering from a personality disorder with paranoid tendencies, which the courts later found to be unlawful. It contained offers, which were unjustified in Mr. Warren's view, of medical pensions designed to persuade him to leave the force. Perhaps it was simply a case that his face did not fit and he was too honest for the job that he was being asked to do.

Twenty-six years down the track, it is time for justice to be done. Mr. Warren now suffers from cancer, and it is likely that it will take his life. All he wants at this point is the knowledge that his struggle for justice was not in vain, and a simple apology and settlement. I implore the Minister, the Metropolitan police and the Home Office to give this man the closure that he has tried to obtain for the past quarter of a century.

12.45 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I congratulate the hon. Member for Carshalton and Wallington (Tom Brake) on securing this debate. The issue is longstanding, as he said, and I pay tribute to his commitment to his constituent in pursuing it. However, I am not sure what I can say that is new on the matter. As the hon. Gentleman has made us aware, the issue has a very long history, having run for nearly 26 years. It was raised in debates by the hon. Gentleman and his predecessor on at least two occasions—in 1994 and 2000. In the light of its long history, I do not intend to go into it in great detail, but it is important to set out the main points.

In January 1985, a medical certificate was issued to Mr. Warren by Dr. Charles Bott, the selected medical practitioner for the Metropolitan police, certifying that Mr. Warren was medically unfit and suffering from paranoia. The decision set out in the certificate was overturned on appeal by the independent medical referees appointed by the Home Office, but in 1986 another medical certificate was issued by Dr. Bott, and in 1988, the second certificate issued by him was declared by the administrative court to be unlawful, based on the technical ground that, when a medical officer of the force has already expressed a view that is adverse to a particular police officer, he cannot lawfully act as the qualified practitioner for deciding whether the same officer is permanently disabled. In acting as a qualified medical practitioner, Dr. Bott was performing a quasi-judicial function and was under a duty to act fairly.

During the hearing that year, Mr. Warren was awarded £13,312.53 by way of full compensation. The court did not order his reinstatement, and exemplary damages were refused. In 1989, Mr. Warren appealed to the Court of Appeal, seeking reinstatement and exemplary damages. Although the appeal was dismissed by the Court of Appeal, he was awarded a modest sum of a further £3,500. In response to claims that Mr. Warren had told lies against Dr. Bott, the Court of Appeal determined that Dr. Bott did not act unreasonably or irrationally, and that he had reached his decision in good faith. Lord Justice Balcombe, who presided over the case, believed that it was important to express in his concluding statement that

"the police have behaved very properly"

with regard to Mr. Warren and his case. He urged Mr. Warren to recognise that there are two sides to the story.

It must be noted that Mr Warren's case against the Metropolitan Police Service was considered by both the High Court and the Court of Appeal, and that full compensation was awarded. In April 2000, after many years of protracted correspondence, the Metropolitan police wrote to Mr. Warren stating that, after careful consideration of the case in its entirety, it would make an ex gratia offer of £85,000, which had already been offered, and that the offer would be available for a further 28 days, after which it would be permanently withdrawn. Mr. Warren did not accept the offer and declined it by telephone.

Correspondence on 8 May 2000 to Mr. Warren from Sir Ian Blair, in his then role as deputy commissioner, formally closed the matter. The letter clarified that no further correspondence about the matter would be entered into, any letters received would not be acknowledged, and that any telephone calls would be promptly terminated. I understand that, on behalf of his constituent, the hon. Gentleman wrote to the Metropolitan police on 24 July 2008 asking for his case for compensation to be reconsidered. It was explained to him that it would not be reconsidered, and that the case remained closed.

I understand why the hon. Gentleman wishes to bring the case to a resolution and to help his constituent, particularly in the light of Mr. Warren's state of health. However, this is not a matter in which Home Office Ministers have a specific role, following the creation of a police authority for the MPS on similar lines to police authorities for other forces. The Home Office has no legal authority to intervene in a matter of this kind, as it is a dispute between the hon. Gentleman's constituent and the Metropolitan Police Service. However, I am confident that the Metropolitan police will be aware of today's debate.

Tom Brake: I have heard the argument before that the Home Office has no remit in the matter and I must express some surprise at that. The Home Office clearly intervenes repeatedly in relation to policing issues and I am sure that it has regular dialogue with the Metropolitan Police Service, the police authority and the Mayor in relation to these types of issues. Therefore, it is astonishing simply to say, "It's not within our remit and we cannot intervene or seek to influence the matter."

Mr. Campbell: I have listened to the hon. Gentleman and he has clearly listened to my comments. It is not simply a matter of saying that the Home Office has no remit; he is talking about a case that has been to court and that clearly has legal aspects. I reiterate: the Home

Office has no specific role in regard to the matter. The arrangements are that the creation of a police authority for the Metropolitan police in line with other police authorities means that the Home Office has no legal authority to intervene. The Home Office clearly has a view about policing matters, but the parameters of the case in respect of it being a legal dispute between a former employee of the Metropolitan police and the Metropolitan police means that it is not something on which the Home Office can directly intervene in the way he is asking. I want to make that clear.

I also want to make it clear that I have listened carefully to what the hon. Gentleman has said about the actions of the Metropolitan police and I understand very well his sincerity in raising the issue. He has a view that has been echoed in parts of our media about what the Met's intention might be on these matters, but there are other views and sides to the case. The facts, on which we can all agree, are that the Metropolitan police has made an apology—although I heard what the hon. Gentleman said about the timing of that—and it has made an offer. As he politely threatened at the beginning of the debate, I am sure that he will not let the matter rest. I have pointed out the limitations of Home Office Ministers with regards to the issue, but I am confident that he will look at what appropriate channels are available to continue pursuing the case on behalf of his constituent. Unfortunately, the line that he has taken today cannot be pursued and the assurance he is seeking from me is not one that I can give.

Tom Brake: I do not know whether the Minister was about to conclude his remarks, but soon after he began his response, he said that he believed that the police had acted fairly in the case. Although I am sure that he now knows from his briefing where Mr. Warren is in relation to the incident, he may not be aware that the inspector who kicked the whole process off by issuing the invitation to a blue movies party when Mr. Warren was supposed to be on duty was offered some words of advice about how he should conduct himself as his punishment for organising that event during police time. I hope that the Minister would agree that the outcome has been very different for the two key protagonists in the case. My constituent, Mr. Warren, has suffered immeasurably, whereas the person who kicked off this whole sorry saga has suffered with some words of advice.

Mr. Campbell: I was about to conclude, so let me say this. I understand that Mr. Warren and, indeed, the hon. Gentleman are more than frustrated about these matters. However, there are channels of investigation for the Metropolitan police—not only in relation to looking into the case of Mr. Warren, but the other issues that the hon. Gentleman has raised. There are also ways in which the Metropolitan police can be held to account for how it has investigated the matter and dealt with it over a period of time. Unfortunately for the hon. Gentleman, I have to say to him today that Home Office Ministers do not have the authority that he is asking for and therefore I cannot give him the reassurance that he seeks.

12.54 pm

Sitting suspended.

National Skills Academy (Crewe)

1 pm

Mr. Edward Timpson (Crewe and Nantwich) (Con): It is a pleasure to serve under your chairmanship, Sir John, in my first Westminster Hall debate. I thank Mr. Speaker for granting me the debate. I also congratulate the Minister on his new role and wish him well in it.

This important debate has three purposes. The first is to establish common ground on the fact that there is a skills shortage in the rail sector, that it will continue to be enormous and that maintaining the status quo is simply not an option. The second purpose is to recognise that the current system of vocational training for apprentices, although well meaning, is still too disparate, is not working for the railway industry and is not meeting the ever-growing demand for specific rail engineering skills. The third purpose is to proffer a potential solution to the acute skills deficit in the form of an employer-led and apprentice-focused national railway skills academy in Crewe.

I invite the Government to view such a proposal as providing the most effective and sustainable vehicle for meeting the inevitable surge in demand for railway engineers and technicians, as well as ensuring that our young people have the opportunity to build a strong and long career in the railway industry. I hope to tease out from the Minister the prospect of a fifth round of funding for the national academies in the next three to six months. I hope that we can have an assurance that the Government are looking at that closely for the near future.

On 5 June, the Secretary of State for Innovation, Universities and Skills recognised the skills gap in the rail industry in rather stark terms:

> "We know there are major skills shortages in finance, construction, science, engineering, and IT. We anticipate a huge demand for skilled workers to build and deliver nuclear power stations, green power generators, Crossrail and the 2012 Olympics."

What is interesting about that statement is that the one skills area identified with no recognised national employer-led skills academy is engineering, which needs to be put right. Crossrail is only one of a number of rail investment projects that will see the demand for skilled labour rise. It is expected that, by 2012-13, Network Rail, Transport for London and Crossrail expenditure will have risen by 50 per cent. to approximately £9.5 billion.

In its review of the transport sector, the "Skills in England 2007" report said this about the rail industry:

> "In the last decade, passenger numbers have soared by 40 per cent., with 1.3bn train journeys last year. This is the greatest number since 1946, when the network was twice the size. Freight on railways has rocketed by 60 per cent. in the same period, with credible current projections of similar growth over the next decade."

Against a backdrop of an insufficient number of engineers to meet the current capital expenditure, it is not difficult to see why we are heading towards a serious shortage of skilled workers, which could threaten the delivery of some major rail schemes. That is backed up by research from both the sector skills council, GoSkills, and the Railway Industry Association. To see the effect that the shortage is having on the railways, we need only look back to 2004, when Network Rail was forced to fly in 12 mechanical engineers from India to ensure that

[Mr. Edward Timpson]

the £15 billion west coast main line upgrade was completed on time. That enables us to appreciate the severity of the situation. Whether it is rolling stock maintenance, mechanical or electrical engineering, civil engineering or infrastructure maintenance, the cupboard is in danger of becoming bare.

The average age of a member of the railway engineering work force is 56, which does not bode well for its future. We must create a new generation of skilled workers to free the railway industry from the current constraints on its output. There are areas of the railway industry where apprenticeship schemes are working and bringing some success, but as the severe shortage of skills demonstrates, those schemes do not even come close to meeting the demand.

So what is needed? I shall suggest three things. First, we need the development of a clear career route for all those entering the railway industry. Secondly, we need a national co-ordination of skills that brings in a single new gold standard for industry training, which is what the national academy is looking for. Thirdly, we need the re-energising of the rail industry as a vibrant, highly skilled and valued career choice that helps to improve social and economic inclusion.

I have been spending time in Crewe visiting the various railway businesses, both passenger and freight, and seeing at first hand the apprentices working on steam engines, on overhauls and on freight. Two things become clear when one spends time with those young people—I say young people because we are talking about both men and women. They value the work that they do and are dedicated to it, and they see it as providing a real future for them and an opportunity that they might not otherwise have had.

One of the goals set out by the Learning and Skills Council is to

"raise the skills of the nation, giving employers and individuals the skills they need to improve productivity, employability and social cohesion".

That could have been written for the rail industry, because it fits perfectly not only with the situation that the rail industry is in, but with where it needs to be now and in the future.

National skills academies are defined as

"employer-led, world-class centres of excellence delivering the skills required by each major sector of the economy".

It seems to me that a national railway skills academy would meet all the core elements of a national skills academy. I return to my earlier point—engineering is a huge sector that lacks cohesiveness in its training and apprenticeship schemes. A national centre at Crewe with regional training centres of excellence that draw on and complement existing schemes around the country would provide the backbone that we need to ensure that the reskilling of the railway industry starts now, rather than when it is too late.

Why Crewe? My first point is clear: why should it not be Crewe? Crewe is a strategically and geographically vital part of the railway structure. It is at the heart of the railways. It is synonymous with the railway industry, but perhaps over and above that it has people with the experience, expertise and passion to drive the railway industry forward. In addition, the academy would provide a much-needed boost to the regeneration of Crewe. Many young people in Crewe are looking for direction in their lives. Those who have discovered the apprenticeship schemes running in Crewe that I have described are thriving in that environment. Unfortunately, the lack of funding for setting up apprenticeship schemes means that young people are being turned away at a time when we need more engineers to fill the skills gap.

We have reached the unfortunate position of knowing that we need the skilled labour, yet the skills gap is increasing—this at a time when the skills are most needed. The danger is that the schemes that we have to move the rail industry forward, such as Crossrail, new high-speed links and the regeneration of the railway network, are lost at the time when they are most needed. We need to equip the rail industry for the changes and expansion that lie ahead. To do otherwise would represent not only a lost opportunity but another generation lost to the railway industry.

This debate is not about making Crewe the only winner as a centre for a skills academy. It would be a national scheme. The advantage of such a scheme is that it would bring the rail industry together under one umbrella, so that everyone knew the required standards and qualifications, and what skills were needed to meet the challenge. Crewe is and always will be a railway town. It has the potential to raise the railways again, and to provide another generation with the opportunity to work in a tremendous and extremely enjoyable career.

1.11 pm

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): It is a pleasure to serve under your chairmanship, Sir John. Just as this is the first Westminster Hall debate for the hon. Member for Crewe and Nantwich (Mr. Timpson), so it is for me. Indeed, it is my first debate as Minister. We are as green as each other. I congratulate him not only on making a well-argued and sincere speech on behalf of his constituents, but on securing the debate. He raised many important issues.

The national skills academy network is one of my Department's flagship programmes. The academies are employer-led centres of excellence that sit at the heart of the skills system, enabling young people and adults to train for jobs that are crucial to Britain's long-term economic success. They bring together employers—from small and medium-sized enterprises to multinationals—and specialist training providers to address skills issues in a range of industries and to provide training solutions to the practical needs of businesses.

It is important to note that the skills academies highlight the extent to which we are trying to design a truly demand-led system in which the Government are the enabler. Provision is led by demand from employers and learners; it is not dictated by the Government.

The hon. Gentleman said much about apprenticeships. I am delighted to see his commitment to them and his advocacy on their behalf. I applaud him, and encourage him to retain sight of them as the situation becomes longer and broader, as it inevitably does in this place. I hope that he will retain his focus on apprenticeships. The Government have certainly prioritised them, and are investing large sums of money in them. Apprenticeships were effectively a broken system that had fallen into

disuse and disrepute under the previous Administration. In a typical year, there were only 75,000 apprenticeships at any one time—that is not even starts or finishes. We now have well over 100,000 quality apprenticeship completions a year and rising, and investment is still rising.

Skills academies, which are part of the national blend in delivering upskilling projects, offer a range of provision from basic literacy and numeracy to higher education, and from national vocational qualifications to pre-employment training. Some programmes are for full-time study; others are available in a flexible format, depending on what companies and employees want. Government investment in the NSA programme is expected to reach an estimated £120 million by the end of 2011, which sum we expect to be matched by employers. We anticipate that that investment will help about 880,000 learners to receive skills and learning support during the first five years of the programme.

Mr. Timpson: The Minister will have noted that I mentioned a gap in the national skills market for engineering. Does he accept that? Does he engage with my view that that is the area that the national skills academy should concentrate on if it is to fill that gap?

Mr. Simon: There is not a gap in engineering, but there are pressing needs, as in many other sectors. Nor is it entirely true that we do not have a skills academy that deals with engineering. We do not have a skills academy called "The National Skills Academy for Engineering", but skills academies deal with manufacturing, process change, materials and the production and supply industries. All those contain a significant engineering component.

I make it clear that the Government are cognisant of the fact that there are pressing needs in engineering. Driving up the outputs that we get from SMEs is clearly part of the Government's strategy, but the fact that we can always use more does not betoken a system that does not work. The hon. Gentleman referred to apprenticeships being oversubscribed, but that does not mean that the system does not work. It is a demand-led system, and it is a roaring success, particularly as investment has grown exponentially over the Government's time in office.

Currently, 10 national skills academies are up and running. They cover a range of sectors, including construction and financial services, nuclear energy, and sports and leisure. They involve household names such as Tesco, Toyota, Reuters and British Nuclear Fuels Ltd. Six more academies are in planning, four of which were announced a fortnight ago by my right hon. Friend the Secretary of State. Those four are enterprise, power, IT and social care. A national skills academy for power will obviously involve a significant engineering component.

Mr. Timpson: I may be jumping the gun, but the rail industry needs to see the establishment of a rail national skills academy. There would need to be further consideration of a fifth round for that to become reality. I ask the Minister directly: is that now going to happen? Are the Government considering it? Can we have a clear answer as to exactly where we are going with the national skills academies?

Mr. Simon: I was coming to that—the hon. Gentleman asked about it in his speech. That is the direction in which we want to go. I am not in a position to promise the fifth round, just as I am unable to promise an NSA for railways, but I can tell him that the programme so far is successful and popular, and that all the rounds have been considerably over-subscribed. The fact that he is here today to debate the matter is testament to that. Although I cannot promise in the Chamber today the new money in advance of future spending rounds, I can tell him that that is the direction in which the Government wish to go.

It is worth pointing out that all successful bids in the process went through a rigorous competitive selection programme, which was organised by the LSC independently of Ministers. The selection programme is supported and validated by employers, whose job it is to ensure that it is robust at every stage. Each bid is assessed against three key criteria at the first review stage and against two additional criteria at the interview stage. One would expect those sets of criteria to be challenging. Although the projects are match funded, we are doling out large amounts of taxpayers' money, so the systems must be rigorous to ensure that the best bids are successful and that the best value is derived.

Mr. Timpson: I know that the Minister would like to make some progress, but I want to go back to what I said at the beginning of my speech about putting right the dearth of skilled labour for the railways. Does the Minister accept that there is a shortage? From what his Department has said previously, that seems to be its position, as I mentioned. If so, is he sympathetic to an NSA as a means by which to recreate that skilled-labour work force for the rail industry?

Mr. Simon: We need more engineers in the railways and in other sectors of the economy. It is to train more people to higher standards that we are driving up the skill level of the work force across the board. There is no limit on the number of NSAs that can proceed to business planning, but they must all be consistent with the overall skills priorities for their sector, be able to offer training through specialist providers and present a sustainable business plan that includes substantial funding from employers.

I applaud the submission of a bid for an NSA for railways and I hope that the people who put the bid together, who will inevitably be downhearted and miserable at not being selected, step back and see that the process was competitive, and that although some bids were selected, others were not. We hope that there will be another round. If there is, I hope that those people come back with an even better bid.

The hon. Gentleman tells the story and makes the case well, so he could help them to put their case again going forward. I say to the railway community in Crewe: please do not be downhearted or take this as a "no" from the LSC—it is not exactly that at the moment. He makes a good case for an NSA for the railways, and the Government are more than open, as is the LSC in managing the process, to hearing it again.

The hon. Gentleman knows that I cannot go into the details of the bid. The LSC has already given detailed feedback to the bidders and has told me that it is more than happy to keep working with the Cheshire and

[Mr. Simon]

Warrington Economic Alliance on any future bid. I share his view on the importance of the railways to the nation, the future economy, the 2012 Olympics and, obviously, Crossrail. There will be an even faster-growing demand for skilled railway workers in future and, as a nation, we need to get things right.

I was impressed by Pete Waterman's piece in *The Mail on Sunday* about skills shortages in the rail industry and the need to develop the next generation of engineers, as I have been by the hon. Gentleman. Others in Government and the education and skills community will also have read the article. He wrote from personal experience about the value of apprenticeships and capturing the enthusiasm of young people who are left cold by formal qualifications, and putting them on course for well paid jobs. That is what the Government want. In fact, we give every 18-year-old a right to public funding so that they can continue their training and education at university, college, in work or through an apprenticeship until they are 25 or achieve a level 3 qualification.

I should restate that the Government want every major sector of the economy to have an NSA, as resources allow. The programme has been successful so far, and if and when we move to a new phase, unsuccessful applicants such as the railway NSA will be encouraged to reapply. I say again to the bid team: please do not be downhearted and have another go, because NSA status is a prize worth seeking. Railways are vital to the country as well as the local regional economy in Crewe. As the hon. Gentleman said, there are skills challenges within that sector that we need to address.

Mr. Timpson: I am grateful for that and I am sure it will hearten those behind that robust and important bid. However, is there a time limit for any future NSAs, bearing it in mind that the LSC's existence might come to an end? What time scale would we be working to if there was a fifth round?

Mr. Simon: There is no time limit and there are no fixed time scales. At the moment, NSAs are administered by the LSC, but they are not a function of its existence. When the LSC is reorganised and becomes a different kind of organisation, we expect the successor organisation to take ownership of NSAs. I can reassure the hon. Gentleman that we certainly do not expect the NSA programme to die with the passing of the LSC. In the meantime, the LSC and regional LSCs remain on hand to help railway employers to design and deliver the best training, increase employer demand for and investment in skills, and boost the training of individuals so that they can flourish in the labour market.

Mr. Timpson: I would like to ask one last question. The Department for Transport and Transport for London have shown some interest in the bid. Can the Minister hold discussions with representatives from those organisations to gain more knowledge of what the NSA for railways would offer?

Mr. Simon: The bidding process is not really a matter for me as it is run by the LSC, but I am more than happy to meet TfL and anybody the hon. Gentleman would like to—

Sir John Butterfill (in the Chair): Order.

Ex-servicemen (Prison)

1.30 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Over the past year or so, it has come to my notice that an increasing number of ex-servicemen are appearing regularly in the courts in north Wales and Cheshire. Very often they are charged with serious offences, including wounding, sexual assaults and drug offences, together with robbery. Some of those offences appear to have no explanation or rationale behind them other than a manifestation of hopelessness by the individuals concerned.

I tabled some parliamentary questions in March, to which the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), duly responded. On 5 March, I asked what estimate he had made

"of the number and proportion of current inmates of prisons in England and Wales who served in the UK armed forces in either of the conflicts in the Gulf."

He replied:

"This information is not collected centrally. Data from nationally representative surveys of some 2,000 sentenced prisoners near release conducted in 2001, 2003 and 2004 show the proportion of prisoners who had previously served in the armed forces as 6 per cent., 4 per cent. and 5 per cent. respectively. However, there are no estimates available for the proportion of veterans in custody who have served in specific conflicts." [*Official Report*, 5 March 2008; Vol. 472, c. 2625W.]

That response was unsatisfactory on several counts. First, why was the survey made in the first place? What happened as a result of finding that the figure varied from 4 to 6 per cent? Did the Ministry think that that was an acceptable figure and decide to do nothing?

Secondly, by saying that no estimates exist, it appears that the Ministry could not care less. Anybody who knows anything about the criminal courts will know that whenever a person pleads guilty or is convicted of a serious offence, a court report is routinely ordered. The probation service is bound to inquire about an individual's recent history, and that would show whether a person had recently served in the armed forces and been in a conflict zone. The information could be collected very easily. Therefore, why has that not been done, bearing in mind the fact that probation officers spend a large amount of their time filling in forms? I found the response to be at variance with what I discovered and what I was told by members of the legal profession in north Wales and Cheshire.

I mentioned the matter to Harry Fletcher, the assistant general secretary of the National Association of Probation Officers, who also thought that the figures were a little questionable. He then e-mailed his members and in August he found that 8,500 people, or about 10 per cent. of the prison population, had served in specific conflicts. That figure did not take into account the large number on community penalties, which could be about 3,000 to 4,000 people.

Therefore, we have a serious problem that has not been acted on by Government. I understand that a scoping survey is being conducted by the prison in-reach service—the PIR project—which is sponsored by the Ministry of Defence. It is likely to conclude that there is major problem, according to issue No. 9 of *Veterans World*. The PIR project is a partnership organisation between the MOD, the Ministry of Justice and ex-service charities. It has conducted a pilot study at Dartmoor prison and concluded that 16.7 per cent. of those surveyed had undertaken military service.

In 2002, the organisation Veterans In Prison carried out a survey. It looked at 10 prisons in particular and found that 118 former armed services personnel were inmates out of a prison population of 1,191. That amounts to about 9 per cent. or more. Therefore, the problem has been around for quite a time. However, it is becoming worse and more acute because servicemen and women spend far longer in conflict zones in Iraq and Afghanistan than previously. The times between each deployment are much shorter and consequently the pressures on service personnel are considerably increased.

The case histories examined by NAPO show that the majority of ex-soldiers suffered at some stage or another from post-traumatic stress disorder and that very few had received any counselling or support at any time after their discharge from the Army. There also appears to have been a failure to identify their status at the time of arrest or at committal to custody.

Committed staff at Everthorpe prison have compiled an advice pack for former soldiers in which they offer to liaise with counselling services. However, that does not appear to be available nationally. The PIR project has published a list of the help and support that are available. It is also improving the awareness of welfare visits that can be arranged for ex-service prisoners.

Probation staff in North Yorkshire are developing the integrated domestic abuse programme in local garrisons in partnership with Army welfare. Staff report that PTSD is frequently cited as the principal reason for violent behaviour and is linked to drug and alcohol use as a coping mechanism.

Before highlighting a few case histories, I should say that some years ago I went to see the right hon. Member for Airdrie and Shotts (John Reid) when he was Defence Secretary to ask him whether he could make funding available for a clinic in north Wales run by consultant psychiatrist Dr. Dafydd Alun Jones, who is an expert in PTSD and so-called Gulf war syndrome. I was told that it was a matter for the Department of Health.

When the right hon. Gentleman became Secretary of State for Health, I asked him again about the matter and he said to leave it with him. That was five years ago and the clinic is now shut. No priority has been accorded to the problem and I fear that it has been swept under the carpet. If any other rational explanation appears during the debate, I shall be pleased to hear it.

In Devon and Cornwall, a soldier was discharged from the Army for misconduct after being sentenced to three years' imprisonment for threatening a drug dealer with a firearm. The report prepared for the court indicated that he was suffering from PTSD as a result of serving in Northern Ireland and also in Iraq. The diagnosis was confirmed by the Ministry of Defence psychiatrist. The soldier made no excuses for his behaviour and felt that his sentence was justified for what he did. However, he feels bitter that he is "stuck with psychological problems" from his service in the Army.

In South Yorkshire, a member of NAPO prepared a court report on a soldier who was convicted of arson with intent and of possession of a sawn-off shotgun.

[Mr. Elfyn Llwyd]

There were a number of co-defendants and he was not the leader of the group. He was recruited by others who had been friends in the same regiment. The report concluded that the origin of events lay in military training and the ethos of supporting comrades. The person who was assaulted was the subject of personal grudges from the leader of the group. The defendant said that his training had led him to obey orders without question and that while he accepted that he was not ordered to commit the offence, he agreed to take part in it because of comradeship.

In Cumbria, a soldier, now 23, served with the Parachute Regiment and undertook two tours in war zones. He left military service in late 2005 with no previous convictions. Since then, he has had seven convictions, five of which resulted in periods of custody. He reports that he failed to readjust to life in the UK, finding it hard to

"reconcile the devastation, horror and distress of the war zone"

with the comfortable life he found himself and others taking for granted. He was then diagnosed with PTSD.

A trooper from Cumbria based in barracks in Germany had an initial active tour of duty in a war zone in 2005. He was home on leave in 2007 and then out to a war zone after that. He and a family member became involved in an argument outside a public house about the propriety of the current war situation. He ended up being charged with assault as a consequence. He had a previous military conviction, from 2005, for fighting, within weeks of returning from a war zone. On that occasion a plan of counselling was agreed and the military decided that unpaid work should be done at the barracks. He was diagnosed with PTSD.

In Cumbria, a soldier was convicted on court martial of several violent offences, following his return from the Gulf in 2003. He was diagnosed with PTSD, dishonourably discharged and given five years in custody. Also in Cumbria, a probation officer has reported supervising an individual, with considerable Army experience, who is currently in prison for wounding with intent and racial harassment. He was sentenced to an indeterminate sentence, for public protection, and is currently assessed as high risk. Again, he was diagnosed with PTSD.

Staff working with lifers in Her Majesty's prison Liverpool have identified several individuals suffering from PTSD. I could go on and on. There are several Welsh examples, including that of a soldier from south Wales, aged 47, who was sentenced to 60 months for kidnap and false imprisonment of an adult female. I could detail many others. Staff working in a Lincolnshire prison who have attempted to assist such individuals say that since 1984 military services have tended to deny that there are any problems—individuals in the military do everything they can to deny it.

In Gwent, two men who had seen active service in the past 10 years, both of whom were diagnosed with PTSD, were convicted of very serious offences—and so on and on. I have dozens of examples on file, but obviously I do not have time to recount them now.

Since I raised the matter in August, and after some publicity accrued, I have received many letters from serving officers and people in other ranks, mostly if not exclusively in the Army. I received a letter from a gentleman from Prestatyn in Denbighshire, on the last day of August:

"Dear Mr. Llwyd,

Having read the article on the BBC website titled, 'Jails hold 8,500 ex-servicemen', I feel as you do that something should be done to support veterans of the armed forces.

In my case I was medically discharged from the Royal Air Force in 2003 through illness, and the lack of support was apparent. Well to be honest, there was no support whatsoever. I understand that my case is not the same as being imprisoned, but the underlying fact is the same, when you leave the Armed Services there is nothing.

I am very lucky, after fighting for what I believe I was entitled to I got my life on track, but it took several years of hard work research and support NOT from the MOD but from my family."

The Government have paid little attention to the problem over the years, and it is high time that they took positive action. Since I have been raising the matter, I have had numerous e-mails from many ex-servicemen and women, throughout the services, confirming that the overall feeling is that there is no back-up for returnees when they come back to civvy street. Simplistically, I would say that as we spend many weeks training those men and women for combat, we should spend many weeks at the conclusion of their service debriefing them properly, offering counselling, where required, and assisting with obtaining retraining and/or jobs, with housing and with family problems. Those people have witnessed scenes that people like me can only imagine. They have seen close friends and comrades killed and mutilated. It would be strange, indeed, if they did not require counselling to come to terms with the hell on earth through which they have passed.

There should be a presumption in favour of counselling in every case. I recently received a communication from an ex-serviceman who had served in Iraq. He said that on the conclusion of his tour of duty he was flown to Cyprus with his comrades for three days' R and R. There was alcohol day and night. On the concluding day, they were all put together in a hall, and an officer asked them, "Any problems, anybody? No? Fine." Tick the box, and that was it. Obviously, in the macho culture that exists in the services, those men would not admit problems in the presence of their friends and comrades. It would have been far better, if there was something really serious to discuss, to ask the question on a one-to-one basis.

I believe that aftercare cannot be left to the voluntary sector alone. A fully structured period prior to discharge is required. NAPO recommends that all reasonable steps should be taken to reduce the number of men sentenced to custody and that information and referral services should be provided to ex-armed services personnel on arrest, at report-writing stage and on reception into custody. Armed services personnel should receive information and education on the benefits of stress counselling in general and be given support where it is needed.

In response, the Minister will no doubt say that the voluntary sector is dealing with the matter through the Soldiers, Sailors, Airmen and Families Association, veterans organisations, the British Legion and so on. I say that that is not good enough. We need a fully structured procedure, under which there might be an encampment of some kind, with experts in the field to deal with all people coming back from active service. If the Minister says that this is a matter of resources I do not think that will go down very well, especially when we recall what

was set out in *The Independent on Sunday* this week: £86.8 million was spent on private education for officers' children, and in the Royal Air Force £1 million was spent on chauffeurs, £3.4 million was spent on waiters in officers' messes, £800,000 was spent on bar staff and £2.8 million was spent on paying chefs. At a time when serving soldiers must make do with inferior kit, failure to act on the problem positively and urgently will be seen as further evidence that the Government have breached the covenant with the armed services in the most obvious and serious way. I believe that with proper support and counselling several thousand people who are in custody would not be there, which is a scandal. Action is required now.

1.46 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I thank the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) for raising this serious issue. I take issue with his approach. I do not accept his challenge that the Government do not care about the issue, and I do not accept that my colleagues in the Ministry of Defence and I in the Ministry of Justice are not focused on examining and dealing with the issue, and on considering whether there are real policy implications for us in relation to bringing forward solutions and helping with what I know the hon. Gentleman wants us to do—reducing offending and reoffending behaviour in our community. Whether crimes are committed by members of the Army, Air Force or Navy who have entered civilian life or by other individuals, key issues in relation to mental health services, alcohol and drugs affect reoffending behaviour.

I take issue with the hon. Gentleman's comments because we need to focus on such matters. Taking action benefits the individuals who commit crimes and the communities they come from, and it brings a cost saving to society by reducing crime and the difficulties that people cause. My colleagues in the Ministry of Defence, as well as other Ministers including me, are willing to focus on the issue and to consider whether there are synergies between people leaving the armed forces, problems associated with their experiences in the armed forces and what happens to them in their offending behaviour in later life. As a result of discussions—I welcome the contribution to the debate made by the National Association of Probation Officers; in fact I discussed the issue with the association on Friday, when we jointly addressed a conference in north Wales—we need to examine some key issues. Already, following concerns, and following the discussions between the Ministry of Defence and the Ministry of Justice at official and ministerial level, there are particular concerns that warrant and need further exploration.

First, we need to get a genuine figure for the number of ex-service personnel who are serving prison sentences. The figure of 8,500 has been mentioned. Our last survey, in 2002 showed that it was about 5.6 per cent. of prisoners, some of whom had served in the Army many years before their prison sentence. We need an effective estimate of the number of ex-service personnel serving prison sentences. We are looking at how authoritative research can accurately reflect that group of the prison population. Additional work on that would be valuable, and I give a commitment to the hon. Gentleman that we will do that to establish the need and the number of individuals concerned.

We need to look at the nature of the offences that people who have served in the Army are committing and whether they relate to the fact that they have had experiences in the Army. The hon. Gentleman mentioned a number of case studies. With respect to colleagues, we need to look not at the anecdotal evidence, but at the factual material underneath, to find out whether there are real issues relating to future offending behaviour. We need to look at what steps, if any, we can take jointly with the MOD to ensure that we prevent offending. We also need to look at what we do with former servicemen and women serving prison sentences, and whether it is available to us to use specific interventions in custody to meet the potentially complex needs that might be demonstrated by that group. I include those suffering from PTSD in that group, which the hon. Gentleman mentioned.

Prior to the publication of NAPO's report in August, we were looking at those issues in detail. We have undertaken further research to establish more clearly the size of that group in the prison population and are looking at the development of systems and procedures for identifying ex-service personnel upon reception into custody. We need to look at facilitating ease of access for a wide range of services available through the MOD-led prison in-reach initiative.

I do not deny that there is more that we can look at and more that we could do. Raising the profile of the subject poses many questions and challenges for us in the future. We could potentially look at addressing aspects of offending through continued improvements to the mental health services available for current and former service personnel. In particular, we need to look at the range of the 14 current offending behaviour programmes and the six programmes for drug abuse available in the prison estate to see whether they are available and applicable to former service personnel.

Like the hon. Gentleman, I represent a constituency in north Wales and know that there are many people there with military backgrounds, and many people who have committed offences have that background. We need to look at whether we can adapt the offending behaviour programmes in a positive way for those individuals. We need to examine good practice and ensure that we disseminate it across the prison estate. In line with our general principles on reducing reoffending, we need to explore how we work across Government with colleagues in the Department of Health, the Home Office and the Welsh Assembly to ensure that we support private, public and third sector organisations in making appropriate interventions.

A significant amount of work is being done within the MOD and the Ministry of Justice to look at those challenges. There are 15 MOD departments of community mental health across the UK, plus satellite centres overseas. There is also access to St. Thomas' hospital and the Priory Group for those who require help and support. There are more than 150 mental health professionals working across the MOD, including 13 tri-service psychiatrists, 99 military mental health nurses and another 50 civilian psychiatrists, psychologists and mental health nurses. Mental health professionals are now being deployed to Iraq and Afghanistan to help support those who have, as the hon. Gentleman rightly mentioned, seen very difficult things in very difficult circumstances.

[Mr. David Hanson]

However, none of that provision is what I would term "breaking the military covenant", which is how the hon. Gentleman described it. I believe that it supports the military covenant and values our troops both on the front line in Iraq and Afghanistan and when they leave the services. That is not to say that improvement in the work we do in that regard could not be made, but it is certainly a commitment from my colleagues in the MOD to help support mental health issues, often in the field when they are first identified.

Specifically for veterans, the MOD and the NHS have launched a range of community-based mental health services, including a pilot scheme offering specialist advice at six sites across the UK. Indeed, the hon. Gentleman mentioned the work that was undertaken at HM prison Everthorpe by a prison officer who previously served in the Falklands. We look at that as an example of extremely good practice on what we can do to ensure that we help and support individuals and clearly identify the needs in that establishment and elsewhere.

Mr. Llwyd: That is clearly an example of good practice, but I would like the Minister to explain how one can intervene before it becomes a question of dealing with a criminal. Does he not agree that it would be far better to have a programme whereby a person is discharged and given several weeks of debriefing, going through expert counselling if necessary and receiving assistance to get them back on to civvy street? I do not deny that what is happening in Everthorpe is good practice, but let us see whether we can crack that nut before it gets that far.

Mr. Hanson: Again, I am speaking for the Ministry of Justice in relation to what we are trying to do in prisons, and HM prison Everthorpe is a good example of where skills and expertise from people who have been through that experience are focused on prisoners who have a military background. There are many thousands of Army discharges every year, and it is not just a question of resources, because I am not speaking for the MOD. We need to focus on individuals who are showing signs of drug, alcohol or mental health problems when in the service and offering that support when out of the service, because many people leave the service and do not go on to offend.

I accept and agree that early intervention is always, in every circumstance, a positive thing for us to do. Early intervention on mental health support, as I have tried to describe, is available, and we should cherish and build on that. Indeed, there are more than 100 mental health in-reach teams consisting of 360 staff, and by 2005-06 nearly £20 million had been invested in that service across the prison estate to look at those issues.

There are real issues about individuals from military backgrounds going on to offending behaviour. I agree with the hon. Gentleman that early identification and support needs to be available in-house in the MOD where possible to track individuals with drug, alcohol or mental health problems on leaving the service, and that is already being provided by the MOD in collaboration with the NHS. We need to look at the real facts about why many people with military backgrounds are in prison and whether their offending behaviour is linked to their military background or to problems associated with it. For example, we should look at whether there is a higher proportion of domestic violence, arson, drug-related offences or sexual offences. We need to know that level of detail and what length of sentences offenders from military backgrounds are being given, so that we can look at providing effective interventions in prison to help them, as we would to prevent reoffending by any other prisoner. That is a key issue, and I thank the hon. Gentleman for raising it.

In conclusion, there are certainly real issues. We should not overlook the successes that we have had to date in our endeavours to improve outcomes for offenders and to protect the public. However, there is an ever-changing prison population profile, and there remains scope for the development of new and different services to deal with that. I will simply leave the hon. Gentleman by thanking him for raising the issue in the way in which he has done. We need proper evidential research on ex-service personnel in custody, and that is a matter of great concern. We need to ensure that we have a greater understanding of the mental health problems of service personnel and potentially of the predisposing factors, which I think are the key in the development of violent and offending behaviour in particular.

There are no quick fixes on that. The latest figures from 2002 show that around 5.5 per cent. of the prison population have an ex-service background. NAPO's survey conducted earlier this year showed a higher figure. We need to establish that figure in detail, but I recognise that it is a real issue that we need to examine. When we examine it, we must do so for the purpose of making our communities safer, reducing reoffending and making people lead more productive lives.

It being Two o'clock, the sitting was adjourned without Question put.

Westminster Hall

Wednesday 22 October 2008

[MR. DAVID AMESS *in the Chair*]

South-East Plan

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Ian Austin.]*

9.30 am

Anne Milton (Guildford) (Con): It is a pleasure to be here this morning with you in the Chair, Mr. Amess.

I am acutely conscious that time is short and that a considerable number of my colleagues want to contribute. However, before I begin, I pay tribute to a number of organisations for their work in my constituency: the Guildford Society, residents associations such as the one for east Guildford, and the Campaign to Protect Rural England. There has been considerable cross-party support locally to work on the plan.

The debate comes at the end of a consultation, which closes on Friday, on the Government's proposed alterations to the south-east plan. They need to be clear about the opposition from local people in my constituency. I have commented on the south-east plan in this place on a number of occasions including 18 December 2007 and 22 July this year. It is extremely disappointing that the Government have not paid any attention to or reacted to the points that I raised. I suggest that their record on listening and responding is rather poor.

I draw attention to the report commissioned by the Government from experts at Roger Tym and Partners, who warned of the effects of imposing unsustainable building targets on the south-east. The report stated that the building plans will

"have a negative effect in all sub-regions on the objective to reduce the risk of flooding...A number of trunk roads are likely to be unable to cope with the predicted traffic demand...There is some over-loading on most routes into London and all sub-regions adjoining London would therefore likely be under stress under the higher growth forecasts...Increasing the provision of housing under all our scenarios will result in a regional deficit in water supply with many areas in severe deficit of water resources".

The Government appear not to have paid any attention to that.

The publication of the plan was shrouded in secrecy. It was impossible to get an answer from the Minister about when it would be published even 12 hours beforehand. It was not widely available and is not accessible to people without the internet. If it had not been for the co-operation of my local newspaper, the *Surrey Advertiser*, and local radio station, 96.4 Eagle, I doubt whether anybody in Guildford without the support of the residents association would be aware of the plan's existence, let alone its importance. Yet it will have a significant and irreversible impact not only on Guildford, but across the south-east.

I will mention the gross figures. The original plan proposed building 578,000 new homes. Despite the serious challenges of achieving that, the Government have returned with an increase of some 85,000, making the total 662,500 new homes. As the regional assembly has already made clear—and I am no fan of regional assemblies—Government proposals threaten to destroy an already delicate balance between housing growth on the one hand and providing decent infrastructure and protecting the environment on the other.

I would like to make it clear that the people of Guildford are not against housing growth. It is very easy to portray us all as nimbys. We have a sophisticated understanding of the need for more housing and the challenges that that brings. However, this plan is not the right way to meet housing need and is fundamentally flawed. It suggests that Guildford can meet London's housing need without causing very serious and detrimental harm. The south-east plan proposes a smaller increase—but still an increase—in housing numbers for the Waverley part of my constituency. The proposed changes for Guildford will be felt well beyond the town itself.

I hope that the Minister will take close note as I discuss the geography and topography of Guildford. It is very geographically constrained. It is dissected by a floodplain and is surrounded by green belt, protected downland, rural villages, the Surrey hills and the Thames basin heaths. It has constricted roads, forming a pinch-point in the network.

Flood risk is a significant concern because there is an undefended zone 3 floodplain running through the town centre. There is also an extensive natural floodplain to the north-east of Guildford, which takes the flood waters, thus saving the town. That is already densely developed. The proposed changes to the plan will increase the flooding risks by increasing the pressure for development along the river channel on land with a risk level that planning policy statement 25 advises is a flood corridor. The plan also proposes new houses in the natural floodplain between Guildford and Woking, which is a crucial strategic gap.

Mr. Jeremy Hunt (South-West Surrey) (Con): Does my hon. Friend agree that a most concerning aspect of the proposals for the south-east plan is the removal of the policy of strategic gaps full stop, whether between Guildford and Woking or between Farnham and Aldershot? Does she agree that such strategic gaps are a vital amenity for the people of those towns? They feel that there is a green lung around the edge of the town and that their community is distinct and does not form part of an urban sprawl that goes indiscriminately from one town to the next.

Anne Milton: My hon. Friend makes a valid point. One cannot understand the impact of those strategic gaps without going to the area and seeing them on the ground. They have been a crucial part of planning policy since the last world war and have served us very well. In line with Government policy in "Making Space for Water", the Thames catchment flood management plan relies on the natural floodplain to do its job and manage flood risks in Guildford. The south-east plan cuts right across that point.

Bob Spink (Castle Point) (UKIP): I congratulate the hon. Lady on securing an important debate on a matter that will affect the quality of life of all constituents in the south-east. She has made some excellent points.

[Bob Spink]

Is the hon. Lady not heartened by the assurances the Government have given to me, including on the Floor of the House, that the Environment Agency will prevent any further building on the floodplain—certainly in my constituency—and that the Government are against building on the green belt? They have set their mind on to building on brownfield land. There is plenty of that to achieve the housing targets that they have set.

Anne Milton: I disagree. I do not think that the Government will get anywhere near those targets by building on brownfield land in Guildford. The Government have contradicted themselves on green belt policy many times. I urge the Minister to listen very closely to this point. The plan says:

"However, in order to meet regional development needs in the most sustainable locations, selective reviews of Green Belt boundaries are required in the following locations: in the Metropolitan Green Belt to the north east of Guildford, and possibly to the south of Woking".

It does not say "maybe" or "possibly"; it says that reviews of the green belt boundaries are required.

That is in stark contrast to the comments made in the House by the Minister for Housing:

"The Government are not putting green belt at risk. Indeed, when it comes to housing development, we set our face against any such development."—[*Official Report*, 14 October 2008; Vol. 480, c. 670.]

I raise again the Prime Minister's comments of 11 July 2007 when he said that

"we will continue robustly to protect the land designated as green belt."—[*Official Report*, 11 July 2007; Vol. 462, c. 1450.]

The Government cannot have it both ways. The plan says that reviews will be necessary and that green belt land will be built on. Either the plan is wrong or the Prime Minister and the Minister for Housing are not being entirely straightforward.

Mr. Crispin Blunt (Reigate) (Con): My constituency is entirely in the metropolitan green belt. It is where the green belt is at its narrowest around London and it has already been driven through, in a sense, with a ribbon of development along the A23. Under this plan, the constituency of Reigate and the borough of Reigate and Banstead are threatened with the largest number of houses, as a direct change imposed by the Secretary of State for Communities and Local Government. I urge the Minister to look at what he proposes to do to the quality of life of the people that my hon. Friend the Member for East Surrey (Mr. Ainsworth) and I represent. I am also extremely grateful to my hon. Friend the Member for Guildford (Anne Milton) for the splendid case that she is making on behalf of all of us.

Anne Milton: I thank my hon. Friend for those points. The Minister must come back and specifically address the contradiction between what is said in this place and what is said in the plan.

The metropolitan green belt has served us well for 50 years. It has been successful in maintaining the strategic gaps. It has protected the historic and special character of towns such as Guildford, checked urban sprawl, and of course safeguarded our very valuable countryside. It has been a very successful planning policy. However, despite the protestations from the Prime Minister downwards, the Government have put their name to a plan that will rip up our green belt.

Crucially, the Government's proposed changes weaken the link between development and infrastructure. Infrastructure in Guildford is at breaking point. Business is a considerable contributor to the Treasury's coffers. However, the great success of the research park in Guildford, for instance, is limited by the paucity of infrastructure development, and taxis will not go to it after 4 pm because it takes so long. Another example is north Guildford, where incremental planning applications have had a huge toll on local road networks.

The patronising comments in the plan are unbelievable. For example, there are aims such as:

"Delivering efficiency through better use of existing infrastructure...Reducing demand by promoting behavioural change...To deliver best value this will firstly require a full understanding of how the use of existing infrastructure can best be optimised."

Does the Minister honestly believe that the people of Guildford have not already thought about that? It is absolutely absurd to have this development without first having the infrastructure improvements that we desperately need now.

Mr. Nicholas Soames (Mid-Sussex) (Con): I am very grateful to my hon. Friend for making such important points on behalf of so many of us who are in exactly the same situation as she is. As she knows, an enormous demand for new houses has also been made in my constituency. An extra number of houses has been added on in an area where the infrastructure is simply not capable of bearing them. It is unsustainable and completely unreasonable. It is impossible to imagine how any area could cope with the impact of new housing and retain the quality of life that people have come to expect. She is right to say that this is nothing to do with nimbyism; it is simply that the infrastructure and environment cannot sustain the proposed level of housing.

Anne Milton: I support all my hon. Friend's comments. He knows that I was brought up in Mid-Sussex and there has been immense housing growth in that part of the country. I am sure that each one of us here today would be happy to take the Minister on a short tour of our areas. Give us a day, Minister, and we will show you what the situation is like. The Government's proposals to slap an increase of 2,000 more homes—and more—in Guildford simply demonstrate how little they know and understand the constraints under which we already operate.

I would like the Minister to take note of a few other issues. Guildford should not be on the list for regional hubs, for major high-density housing and economic growth. Neither its geography nor its infrastructure can cope. The review of the green belt to the south of Woking, which is not in my constituency, puts the distinctive character of both Guildford and Woking under serious threat, as I have already mentioned.

Guildford may be a transport hub, but we certainly are not a regional hub. The town cannot and should not be a centre for significant change. We are an historic town that is struggling already.

Sir George Young (North-West Hampshire) (Con): Is not one of the problems that my hon. Friend is identifying that the new planning regime has virtually disfranchised the elected county councils and replaced them with

unelected regional development agencies? Therefore, should we not be moving towards a planning regime that is much more responsive and sensitive to the needs of local people through elected councillors?

Anne Milton: Of course. My right hon. Friend makes an excellent point in saying that local decision making is probably at the heart of the issue. The plan is being imposed on us all and if we had local decisions by local people, we would get better decisions. I believe that the Government are nervous of local people; they think that local people will say "no" to everything. Actually, people are very sensible. They have sons, daughters, grandsons and granddaughters who need housing, so they understand the need for more housing. However, they want to be in control of where that housing goes, how it goes there and when it goes there, and they need support from the Government. The Government are so reliant on the south-east for their taxes. They must understand the need for the improvements in infrastructure that I have mentioned.

I would also like the Minister to rethink the idea of Guildford meeting housing need from London, given that we are already struggling to meet our existing housing need. Development must be preceded by infrastructure improvements. We want a sustainable, deliverable approach from the Government, and the decisions that are needed about our local area must be made by local people who are locally accountable and not by people in distant regional assemblies who are accountable to no one.

Finally, the plan makes it clear that annual figures will be a minimum, so the 31 per cent. increase for housing in Guildford is a minimum. Also under the plan, windfall sites, which historically have provided much of the land for housing, are to be disregarded when housing supply is being planned, and the rate of building should be assumed to continue to five years after the end of the plan. There will not be 8,000 extra houses in Guildford, but a considerable number more, including on those windfall sites.

That extra housing will wreck Guildford and ruin our countryside. It is completely unsustainable. It will put at severe risk the future of our green belt, our town centre, with its special character, our already very congested roads in the north of the town, and Guildford itself as an historic, distinctive, evolving and dynamic community.

I urge the Minister to think again. If he will come to Guildford, I will show him. He should take note of what his own experts and organisations such as the Campaign to Protect Rural England are already telling him and halt these proposals now.

Several hon. Members *rose—*

Mr. David Amess (in the Chair): Order. The winding-up speeches will begin at 10.30 am. I would like to call everyone who wants to speak, so I appeal to hon. Members to bear that deadline in mind when making their contributions. An excellent example has already been set by the hon. Member for Guildford (Anne Milton).

9.47 am

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate the hon. Member for Guildford (Anne Milton) on securing this important debate. With so many Opposition Members taking an interest in this important issue, I am glad to be here on the Government Benches.

I welcome the hon. Lady's recognition that more housing is needed, because often the mood music of debates such as this one can be that, somehow, we do not need new housing or that, wherever it is going to go, it has to go somewhere else, anywhere other than near ourselves or our constituents. So I welcome her recognition that more housing is needed, and I also welcome what she said about the common sense of local people who have children and grandchildren who need homes, and those houses have to be provided.

In that context, we should also recognise that the Secretary of State has quite modestly increased the number of new houses in the south-east plan. However, it is worth noting that serious draft plan numbers were far lower than the evidence suggested that they should be and the examination in public noted that the draft plan's suggested numbers were at the lower end of the range.

The National Housing and Planning Advisory Unit urges far higher numbers. I am very much in favour of housing to meet need, but I do not think that it is fair to say that the Government are not listening or taking account of concerns that have been voiced.

Mr. Blunt: Can the right hon. Gentleman define for us what "modest" means in percentage terms?

Mr. Smith: I define it in terms of the needs of the people I see in my advice surgeries, who are desperately in need of housing. The hon. Lady referred to the vitality of our economy and I rarely have a meeting, whether it is with the CBI or the chambers of commerce or other business organisations, in my area—

Anne Milton *rose—*

Mr. Smith: The hon. Lady spoke about her area; I will largely confine my remarks to my area. As I was saying, in my area I rarely have a meeting with business organisations where they do not say that more housing is needed to tackle problems of retention and mobility of labour.

The hon. Lady rightly spoke about the importance of infrastructure, which, clearly, is crucial. But past problems are a reason for getting the infrastructure right, not an argument for not building houses, which, as I have said, are desperately needed.

Anne Milton: Perhaps the right hon. Gentleman therefore agrees that infrastructure improvements should come before house building.

Mr. Smith: The two have to go together. The necessary infrastructure must be in place so that people can travel and access local facilities. We must construct not just housing estates but genuine communities; and I will have more to say about that in a moment.

That point is particularly timely at present. If there were ever a time when it was in the national economic interest to accelerate infrastructure investment, build more roads, improve transport communications, get more facilities for communities and, yes, build more houses to meet social and economic needs and also, in a contra-cyclical fashion, to support the economy through difficult times, it is now. I will be looking to the Chancellor

[Mr. Andrew Smith]

in the pre-Budget report to accelerate capital projects that could meet the kind of infrastructure needs that the hon. Lady has described.

I greatly welcome the proposals for an urban extension to Oxford. I supported it and argued in favour of it at the public examination. We desperately need housing in Oxford, and, whatever people may say about the green belt in other parts of the south-east, in Oxford it is so tightly drawn into the existing built-up area of the city that it is creating a pressure cooker effect. Residential communities are being destroyed as houses are converted to multiple occupation and the building of flats becomes more intensive. We debated those issues in this Chamber on a different occasion. We also have the erosion of the precious green lungs that come right into the centre of Oxford. They are the most distinctive, defining feature of its beauty and unique ecology. Therefore, if we are to provide the extra housing that is needed, we must go into the green belt somewhere, and I believe that the site south of Grenoble road is an appropriate site for building houses without causing the kind of unacceptable damage that is of concern to all of us who care about green spaces and the aesthetic setting of our communities. I welcome what the plan says about that site.

However, I am concerned about the arrangements for bringing the development forward. There must be collaboration between Oxford city council and South Oxfordshire district council, within whose area the development site presently rests. We need specific mechanisms for approaching the development in a collaborative way because, without putting too fine a point on it, the city council is broadly in favour of the development—to a certain extent, that is a cross-party position—and the district council is broadly against it. We need an institutional arrangement that locks the two into working together constructively to build a good community.

Time is short, and I know that many Members want to speak, so I shall draw my remarks to a close. I emphasise the importance of local consultation, which the hon. Lady mentioned. Residents in Blackbird Leys and Greater Leys, which are the communities that will be most affected by the urban extension, must be consulted. So far, only one person has consulted them about it on an individual household basis, and that was me. There is significant support for the development, and much concern as well, but the acid test for local people will be whether the community will have, yes, the infrastructure, but also the facilities.

I would like to make an important point about what I call the social infrastructure. When people talk about new development and new estates, they are often rightly concerned about roads, bricks and mortar, leisure facilities, schools, health centres, shops and so on. But what is every bit as important as that, especially when communities are settling down, is local community leadership, particularly leadership of youth activity. As the Government consider expanded housing provision across the south-east and, in particular, in central Oxfordshire, I hope that some imaginative thinking will be done about how we can build up social capacity on new developments from the outset.

I urge my hon. Friend the Minister to think about those points. My overall position is that the social and economic vitality of Oxford and its remarkable contribution to the regional and national economy and, most importantly, the often dire circumstances of those in housing need, mean that more housing is required. I urge an acceleration in the building of social housing particularly, but we also need many more shared housing schemes. Even with the dip in the property market—this must be true in the constituencies of many Opposition Members as well—property prices are such that it is difficult for people on anything near average salaries or wages to be able to afford housing in the communities in which they grew up. That must be of concern to all of us.

I urge the Minister and the Government to get on with it. I am aware of just how long the process of planning housing numbers for the future takes. I do not think that there is any contradiction between wanting to do such things faster and wanting to do them better. Delay does not always mean better consultation or schemes. People need housing now, and we should get on with it. With will and imagination, we should be able to construct good communities that enhance rather than spoil the environment.

9.56 am

Sir Paul Beresford (Mole Valley) (Con): I congratulate my hon. Friend the Member for Guildford (Anne Milton) on securing this debate and thank her for it. She has taken and fired many of the shots for all of us on this side and so has reduced the time that I shall speak.

I am interested in the points made by the right hon. Member for Oxford, East (Mr. Smith). We all accept that there is a need for more housing, but I hope that he and the Minister will think about the contrary argument. One of the problems with fuelling demand and not using the planning system to try to persuade and move demand to other areas, particularly areas of unemployment, is that, ultimately, greater demand will be generated, and we will be looking at the issue again with the prospect of even more concrete over the south-east.

When the South East England regional assembly figures came out, there was deep concern in my local area. It changed to horror when the Government inspector produced his figures. My constituency and, of course, Surrey, are on the border with London, so we get the effect of everything coming from London—it feels like it—and not always the greatest things. We have crime problems, and a large proportion of them come from London. It is worth adding that the police do not have enough funding.

My constituency shares part of Guildford with my hon. Friend and extends through to the Mole Valley district council area. It has the restrictions mentioned by the right hon. Gentleman and even more: it has green belt, areas of outstanding natural beauty, special protection areas, special areas of conservation, and farms that produce food for our area and for London, which are particularly important now, with all the concern over food and food prices.

My hon. Friend said that the problem is that the figures are not a target but a floor. The refusal to accept the windfalls makes that floor damaging. In my area, recent growth has come from developers purchasing large single properties or achieving an amalgam of purchases—a few houses—then demolishing them and building additional homes. The developments do not

come in sizes that are large enough to count on plans, so they cannot be predicted—they are a windfall—but they are where the growth is happening.

I know the Minister's constituency a little from the past, and I know how admirable the local authority is. I am sure that he supports its every move and benefits from its excellent services and low council tax. It provides development, but not large development. Developers there do the same kind of thing that most of the developers in my area do. The fact that in the present economic climate they are developing houses that are then taken by the bank is a temporary blip.

As my hon. Friend mentioned, the point is also that, since there are no large sites, and since such sites have to be predicted for the plan, that will mean that precious green belt has to be taken into account and will be lost. I hope that the Minister will think of his constituency. My memory of it is such that I can barely imagine the outcry if Tooting parks and commons, and so forth, were eaten into and covered with houses. The outcry would be phenomenal. If the Minister supported that in his ministerial position, he would definitely be without a job come the next election—as he may be anyway.

The Minister needs to take notice of the concerns, which are tempered with the recognition that we need housing. However, with regard to the argument that I have just touched on, can he see that to supply endlessly fuels the demand? He can, in his position as Minister, use the planning system to try to encourage the movement away from the south-east to areas where there is deprivation, land, empty properties and shortages of jobs.

The then Office of the Deputy Prime Minister Committee had a rare visit from the Deputy Prime Minister. He was invited on many occasions but did not come. Finally, he came and the business of infrastructure, building and house numbers, particularly in the south-east, was raised. The Deputy Prime Minister agreed that housing development should work hand in hand with improved infrastructure, but that has not happened.

Secondary schools in my constituency are overflowing; they have temporary accommodation attached to them, but they are still overflowing. Children are being bussed miles to other areas' schools from my constituency, through my hon. Friend's constituency. The county has no capital to build schools. It has had no capital for road improvements and has been given no such capital for years. My hon. Friends the Members for Guildford and for Reigate (Mr. Blunt) and I—and others—have been fighting to save hospitals. We are trying to save them, whereas what we really need is more, bigger hospitals and better facilities. There are concerns about water throughout the whole area. Our private water company is struggling to find water supplies.

All right hon. and hon. Members in the Chamber could talk to the Minister for a good hour each about the problems. However, we are putting the case succinctly and asking him to look at the figures, including the SEERA figures, and move to those, at least; to allow windfalls to be taken into consideration; and to recognise that despite the pouring of houses, and the people in them, into its area, Surrey county council has been deprived of funds to provide the infrastructure and turn the situation round at the same time as, if not before, the houses go in. It is quicker to build a house than to build a hospital or a school, and so on. If we are to have the growth—we need some—we need that infrastructure.

Finally, I ask the Minister to recognise that the success of the south-east could be mimicked elsewhere if planning were used. That would ease the demand and would not, as he is doing with his figures, put petrol on the fire that is already there.

10.3 am

Mr. Mark Lancaster (North-East Milton Keynes) (Con): It is a pleasure to follow my hon. Friend the Member for Mole Valley (Sir Paul Beresford), and I congratulate my hon. Friend the Member for Guildford (Anne Milton) on securing this important and timely debate. The consultation closes on Friday. I hope that the Minister will treat this speech as my submission to it.

The people of Milton Keynes are not opposed to building more houses; they are not nimbys. Indeed, with a constituency that is growing by nearly 2,000 every year, it is fair to say that we are building our fair share of houses in Milton Keynes. However, people there feel strongly that there should be some local control over that building. They also feel incredibly strongly that there must be "i before e"—infrastructure before expansion—which is not being delivered at the moment. They also feel strongly that they have not been listened to by the Government.

In a debate in this Chamber shortly before the summer recess, the Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), agreed with me that, for any community to be truly sustainable, it must have the support of local people. That is where I fear we are going wrong.

I will focus my brief comments on just one area: the late imposition of 5,600 houses to the east of the M1 motorway, which has always been the natural border of Milton Keynes and which has been put in the latest draft of the local plan by the Secretary of State. This area is rural green belt—prime rolling fields that are not connected to Milton Keynes. Importantly, this cuts across the wishes of everybody, including local people; the local government quango, Milton Keynes Partnership; and the regional development agency. It appears that everybody is opposed to these 5,600 new houses, apart from the Secretary of State.

In 2005-06, over the Christmas period, the people of Milton Keynes were given just six weeks to take part in a consultation entitled "Options for Growth", which was put forward by Milton Keynes Partnership. It contained six options, five of which effectively involved the expansion of Milton Keynes within the designated expansion areas to the south-west and south-east. Just one option dealt with building in the rural green belt east of the M1 motorway.

Option six was the least popular; nobody wanted it. Everybody said that they wanted to continue to expand in Milton Keynes, but within the city itself. Yet after the consultation had taken place, Ubiqus, which put the report together, said several things. Three of its findings particularly interested me. First, it said:

> "Many respondents felt that the Growth Strategy represented government policy and doubted that the needs and opinions of local people would be taken into account. They felt that housing targets were dictated by central government rather than local needs and questioned whether the targets were achievable."

I am quoting from annex C to item 9, dealing with the regional spatial strategy.

[Mr. Mark Lancaster]

Secondly, the majority of respondents strongly supported calls for a directly elected body to oversee the growth of the city. Thirdly, as I just said, option six—the option that the Secretary of State has now ruled on and decided will be imposed—was the least popular with anybody in the local community.

Interestingly, once local bureaucrats from Milton Keynes Partnership had had their say—let us be clear that Milton Keynes Partnership does not support this move—the matter moved to the RDA. Once again, the independent body that the Government charge to look at these things did not support the plans. Indeed, the RDA said:

"Weighing all these criteria our view is that the development to the South East"

that is, the south-east of Milton Keynes—

"is likely to be the most sustainable. Given the difficulties of accessibility by rail, the problems of integration and the likely infrastructure costs we consider that development to the East of the motorway during the plan period would be less sustainable or deliverable than development to the South West."

Why, Minister—despite all the advice, despite local concerns and despite Milton Keynes Partnership and the RDA saying no, and now that we are finally moving away from local people who have some charge over those matters—has the Secretary of State decided that she knows best?

The answer to my question is given away in the Secretary of State's comments. She starts by saying:

"The Secretary of State notes the Panel's view that development to the East of the M1 Motorway during the plan period would be less sustainable than the development proposed to the South West of Milton Keynes."

She continues:

"The Secretary of State notes that the Panel were not satisfied from the evidence before them that there was an overriding need for a strategic reserve site East of the M1 motorway."

But we get down to the truth when we discover a footnote:

"However, since the Panel's report was published revised population and household projections show that the figure of 32,000 dwellings per annum proposed for the South East Region by the Panel is too low to meet requirements".

Whose requirements? Government's requirements.

Despite a public consultation overwhelmingly saying no and despite a regional quango saying that the site east of the M1 was unsustainable and lacked infrastructure, which would be extremely expensive to put in, the Secretary of State has ignored all those constant warnings. Despite all the evidence, it is clear that the only goal of the Department for Communities and Local Government is to impose centrally driven housing targets that are simply not needed and are not the wish of the local people.

I finish by pointing out briefly a couple of practical problems that the Minister will, I hope, be able to deal with in his winding-up speech. The M1 motorway is, as I have said, the natural boundary of Milton Keynes. The Government have already made Milton Keynes Partnership, not the local authority, the planning authority for the eastern expansion area up to the M1. Already, outline planning permissions have been granted and detailed planning permission has been granted in places. Now the Government want to build houses on the other side of the M1, in the rural green belt.

The Government accept "i before e"—infrastructure before expansion. We must build new bridges across the motorway and new roads to link the new community that the Government so desperately want to the existing community. Given that planning permission has been granted on one side of the motorway, a bridge may be launched, but where will the Government land it? How short-sighted it is to have two planning authorities doing entirely different things that cannot be joined up? It is ridiculous, and I ask the Minister, even at this late stage, to listen to the independent advice that he has been given at every level—from the wishes of local people and the local planning quango to those of the regional planning quango—and think again about this ridiculous plan to impose 5,600 houses east of the M1 motorway at the last minute, simply to fulfil artificial Government targets.

10.10 am

Chris Huhne (Eastleigh) (LD): I congratulate the hon. Member for Guildford (Anne Milton) on securing the debate, and I am pleased to follow the hon. Member for North-East Milton Keynes (Mr. Lancaster), because some of the experiences that he graphically described are familiar to my constituents.

I have been asked by a number of local organisations in my constituency to raise the issue directly with the Minister. Botley parish action group, Botley parish council and Eastleigh borough council oppose the proposals for a substantial strategic development area to the north and north-east of Hedge End on the basis of inadequate transport infrastructure, and water and sewerage facilities. Because of how the process has been handled, many of my constituents in Botley and Boorley Green have had less consultation on the proposals than if a neighbour had proposed an extension to their home. They were not notified individually, but Boorley Green, for example, will be swamped by the strategic development area.

The whole process—not just this consultation, which closes on Friday and is supposed to be narrow in that it is considering the changes that the Government have made, but the previous one—is deeply inadequate, given the dramatic changes that the proposals will make to some people's lives. My first point, therefore, is about process.

The second point is about substance. We are still dealing with an extraordinary, top-down decision by the Government, which is essentially predict and provide, on housing levels. Given the Government's decisions on changing their previous projections on households, how much of the growth that we are seeing results from the population growth projected for the south-east, and how much from household formation? We know that people are getting married later and, unfortunately, getting divorced earlier, and they are living longer, but that does not increase the number of people in the region. It may increase household formation and, therefore, demand for housing, but in itself it does not have the same effect on environmental sustainability as an increase in population. It is crucial to make that distinction.

That brings me to the substance of my concern about the whole top-down approach—environmental sustainability in south-east England. One example is water, which a number of hon. Members, including the hon. Member for Mole Valley (Sir Paul Beresford), mentioned. In the south-east, Thames Water has proposed a desalination plant on the Thames to obtain fresh water. Such proposals are normally heard about in Saudi Arabia. Non-governmental organisations such as Waterwise point out that the availability of water per head in the south-east is now lower than in Sudan or Syria. We are at the absolute limit of water sustainability.

As the Environment Agency repeatedly tells Ministers, we are also at the limit of building on flood plains, and the projection to build 100,000 homes on flood plains cannot be sensible when climate change will inevitably make them more vulnerable. The south-east is the most densely populated region not only of England, but of all European regions. The population density of England as a whole is the same as that for the Netherlands, which traditionally has been the most densely populated part of Europe. The south-east is substantially more densely populated than the average. I second all those environmental sustainability reasons, including submissions to the Minister from Hampshire and Isle of Wight wildlife trust on some of the consequences for the sustainability of wildlife as a result of the proposed development.

I shall not continue with the infrastructure points, but I entirely agree with what other hon. Members have said about the importance of "i before e"—infrastructure before expansion. That is an additional and very serious problem in the proposals. There are concerns about sustainable transport links, and our experience in Hampshire is that the infrastructure has not been put in place adequately to sustain communities that have been built up.

Finally, a matter of enormous concern to us locally in Eastleigh and more widely in south Hampshire is the Department's extremely mistaken judgment to allow the plan to get rid of strategic gaps to proceed . We feel strongly in Eastleigh that we do not want to be part of a sprawling urban area called Solent city, which will merge every settlement from Totton in the west to Waterlooville and Portsmouth in the east.

A key part of our planning policy has been successfully to build the extra housing that we need for household formation. The borough council has done that responsibly, but has always borne in mind the key requirements of residents that local settlements should be distinctive and have their traditional character; that one village should not merge into another; that Hamble wants to be separate from Netley and Bursledon; that Bishopstoke wants to be separate from Fair Oak; and that there should not be fill-in between West End, Eastleigh, Bishopstoke and Fair Oak.

For all those reasons, I hope very much that the Minister will reconsider this exceptionally misguided policy of getting rid of strategic gaps.

10.17 am

Mr. Crispin Blunt (Reigate) (Con): I congratulate my hon. Friend the Member for Guildford (Anne Milton) on securing the debate, which is both timely—the consultation period finishes at the end of this week—and extremely important.

When I was elected in 1997 to have the honour of representing a constituency that is entirely within the green belt and, indeed, provides the green belt between London and the rest of the south-east, I knew that developmental pressure would be the most important issue and a constant in my life of representing my constituents. I am utterly horrified by the Government's proposals. Let us be clear. There is a basic, philosophical difference between the Government on one side and us on the other. That comes out loud and clear in the changes that the Secretary of State has proposed to the plan. I shall make the case briefly.

The original plan said:

"The strategy is based on meeting development requirements within urban areas and the protection of the green belt across the sub-region."

The Secretary of State has struck that out. The original wording referred to

"sustaining growth in the local economy to a level that can be supported by labour markets and infrastructure, supported by comprehensive monitoring of the local economy, labour supply and demand, and movement patterns across the sub-region and in adjoining areas including London".

After the Secretary of State had her way, it referred to

"sustaining growth in the economy, supported by comprehensive monitoring of labour supply and demand, and movement patterns across the sub-region and in adjoining areas including London".

The Secretary of State has struck out all the references to "local". The original plan referred to

"giving priority to meeting locally defined housing needs, including affordable housing to underpin the economy, within the overall requirement for the sub-region".

The Secretary of State struck that out. It also referred to

"promoting high quality design in new buildings and civic spaces, which respects and develops local character and distinctiveness, to improve the quality of the built environment".

What on earth is wrong with that? Something is wrong with it, because the Secretary of State struck it out. It then referred to

"requiring developers to contribute to the provision of infrastructure and service improvements to meet needs arising from the additional development in the area and to ensure delivery of these through the implementation plan".

What on earth is wrong with that? Something is wrong with it, because the Secretary of State put a line through it.

I say this as the representative of the constituency of Reigate. In the last development plan that came out in 1994, the borough of Reigate took a substantial increase in housing. Those in my constituency have co-operated with the Government and the Department on trying to enable that development to happen and their reward is to have housing numbers increased where the green belt is under the greatest pressure.

The Secretary of State has put a line through the figure of 4,740 houses in the plan and has said that we must have 8,240 in the north of my constituency—in the London fringe. That is in addition to the 3,000 houses that are being imposed around Gatwick and the town of Horley in the south of the borough of Reigate and Banstead. That part of the borough is represented by my hon. Friend the Member for East Surrey (Mr. Ainsworth). Some 2,800 houses are already being constructed there on the only non-green belt area of open space, which is up to the boundary of the green belt around the town of Horley and the boundary of my constituency.

[Mr. Crispin Blunt]

I declare an interest because that is where I happen to live. I live next to a river and, interestingly, the houses are being built on a place called Great Lake Farm. I wonder why it is called that? Local people have the pictures to explain why it is called Great Lake Farm, but that has not stopped the development plan going through, and all the flood prevention measures have, of course, been incorporated within the development. However, considering the weather conditions we are experiencing, what will be the consequences for everybody else who lives around there? Some 36,000 houses are going into the Gatwick sub-region and one can only speculate on what that will mean for the River Mole, which runs past my house—particularly given that, under the south-east plan, 2,800 houses will go immediately downstream in that part of the borough, and they will be followed by another 3,000.

I simply hope that the Minister will reflect on the cry of outrage from hon. Members who represent the constituencies affected and who can see that this is a deliberate effort to undermine local democracy. The purpose of having councils and the contribution of local representation is so that local people can make their voices heard. As has been said, it is not that local people are incapable of making judgments about what is required to house their children and grandchildren; it is that they are also sensitive to the protection of their environment. The Government appear to have chosen to say, "We know best and we are going to ensure that south-east England remains the motor of the economy. Never mind the infrastructure. We see that housing is a requirement and you are going to deliver it." During the enormous consultation exercise, which has ended up in a revision of the plan, the Government have overridden local people's judgments. In the case of my constituency, that has resulted in nearly doubling, by fiat of the Secretary of State, the number of houses that will be required to be built.

The Government have a dreadful philosophical approach that completely disfranchises local people. I sincerely hope that the Government will listen at this late stage to the responses to the consultation, to which thousands of local people in my constituency have contributed. How are local, ordinary people supposed to understand all of this and get involved in the consultation? Yet hundreds—if not thousands—of people in my constituency alone will have had to have found some way of trying to understand what is happening in order to respond to a consultation that is likely to be a complete waste of time. I sincerely hope that the Minister and the Secretary of State will surprise me when they respond to the consultation.

10.24 am

Sir George Young (North-West Hampshire) (Con): I am grateful to my hon. Friend the Member for Guildford (Anne Milton) for choosing this subject for a debate and for introducing it in such a responsible way. We have had some good speeches in response.

In a way, this is an unreal debate because it is driven by the Government's target to build 3 million homes by 2020. Hardly anybody in the housing world thinks that that target is achievable, yet that is what is driving the debate. The energy of Ministers in the relevant Department should be focused on building houses on the sites that already have planning consent. They should concentrate on making progress on meeting the housing needs of all those we represent, as opposed to driving these targets based on the 3 million figure.

A long time ago, I was the Minister for housing and planning and took an interest in these matters. The forecasting of households is not an exact science; it is underpinned by some heroic assumptions. I remember having a dialogue with the man who produced the figures. One has to make assumptions about whether a child—someone who is age 20—who has had a row with their parents is entitled to a home of their own. That is a difficult judgment to make, but the forecasts of households depend on such judgments.

Heroic assumptions about inward and outward migration have to be made, and when focusing on the south-east, heroic assumptions have to be made about outward migration from London. Is it right that we should continue to plan for the outward migration from London when many people planning for the future of London want to retain that population there—particularly in relation to those who are likely to migrate outwards? Likewise, there is a debate about whether, given the structure of London, one should focus on the east side of London, where unemployment is highest, or the west side, which is overheated. Some real political and sociological issues underpin this debate.

I start from the premise that everyone is entitled to a decent home. Certainly, in my constituency, a major development area on the eastern side of Andover is going ahead without a lot of aggravation, and we accept that we have a role to play. My view is that one is more likely to get a sensible answer if local people feel that they have ownership of the problem. In a county, district or village, there is resistance if people are told what they have to do. If people are asked about how best to provide for their children, elderly parents, teachers and postmen, they will say, "We have a real responsibility and interest in this." They will then be much more creative in looking for sites than if they have to find sites because they have been told to do so to accommodate people who are not in the area but who plan to move there.

Let us consider the policy of building on land that would not normally get planning consent—the so-called exceptions policy. People who live in a village will be creative about identifying suitable sites, having a dialogue with the housing association and ensuring that homes are built for local people. However, there will be resistance if people are told by someone from outside, "You have to find sites for another 100 houses and we cannot tell you who will live there."

Mr. Andrew Turner (Isle of Wight) (Con): Does my right hon. Friend not agree that the one thing most liked by local people is the feeling that they can give a home to another local person?

Sir George Young: I agree. In one parish council in my constituency, the village has provided all the homes that they have been told to. They are actually trying to provide more homes by moving the allotments that they own from the middle of the village to the outside because they feel that they have a responsibility to make better housing provision.

I shall leave the Minister with this thought. A top-down approach provokes a reaction, whereas a bottom-up approach does not. One of the Government's mistakes has been to move to a much more dirigiste, centrally driven planning policy, which perversely makes it more difficult to get the houses that we all want built in the areas in which we need them. I know that the Minister is relatively new in his appointment, but I ask him to begin to put a few question marks against that aspect of the policy. If that happens as a result of this debate, we might have made some real progress.

10.28 am

Dan Rogerson (North Cornwall) (LD): It is a pleasure to serve under your chairmanship, Mr. Amess, to discuss this important subject. I must confess to a feeling of déjà vu in that a couple of weeks ago, the hon. Member for Beckenham (Mrs. Lait) and I debated the south-west regional spatial strategy in this very Chamber. As we now have a different Minister facing us, perhaps he will forgive me for repeating some of the remarks I made to his colleague because the issues are same.

First, I should congratulate the hon. Member for Guildford (Anne Milton) on securing this important debate. She quite rightly raised the issue of local opposition and voiced her concerns about how those points of view have not had the opportunity to be heard. She is concerned that this process dictates against local opinion—and we have heard that point repeated time and again. Importantly, she also spoke about flood risk, transport capacity and water resources, a subject mentioned by my hon. Friend the Member for Eastleigh (Chris Huhne). The hon. Lady was also keen to point out that her constituents are not nimbys and that they understand the pressure caused by housing need. They wish to be part of the process, helping to meet that need and not being left out of decisions being made on their behalf.

The right hon. Member for Oxford, East (Mr. Smith) rightly pointed out that many areas of the country have a housing crisis, a subject that we all face at our regular advice surgeries, with local people struggling to find somewhere to live that they can afford. All local authorities are trying to deal with such issues, in partnership with some responsible developers, registered social landlords and the business community. However, they all face one problem: no matter how much consultation they undertake and how much excellent work they do locally, it is undervalued and set aside by the process of regional planning, which has been imposed over the top.

I pick up on the hon. Lady's point that development should allow the green lungs of urban areas to be maintained. We should not go for a policy of continued urban density, as it will change the character of our existing communities. My hon. Friend the Member for Truro and St. Austell (Matthew Taylor) made a similar point in a report that he wrote for the Government. He said that planners ought to consider the broader scale, particularly on development in rural areas, something that I very much support.

The hon. Member for Mole Valley (Sir Paul Beresford) spoke of trends coming out of the capital into his part of the south-east. I recall that that included his own political career, given what he said about a certain London borough. We return to the question time and again of how overheated economic development is becoming in the south-east. He made some good points about the need to promote economic development in other parts of the country in order to spread the load and, indeed, to allow the benefits of development—there are some—to occur in other parts of the country, where they are crying out for it.

The hon. Member for North-East Milton Keynes (Mr. Lancaster) has over the years consistently spoken about development in Milton Keynes. I once served on Bedford borough council, so I am familiar with some of the problems that he mentioned about the area beside the M1.

My hon. Friend the Member for Eastleigh highlighted the overall problem when he listed the communities in his constituency that have raised concerns about how their areas will be affected. That takes us back to the level at which we should deal with planning matters.

The right hon. Member for North-West Hampshire (Sir George Young) spoke about planning at town or parish level. In my constituency, the parish plan process has been incredibly positive, drawing communities together to meet the needs that they have identified. That overcomes whatever nimby tendency there may be, which sometimes comes from those who have recently moved into an area and like it as it is—unlike local residents, who have been there for longer and have seen the community changing over the years. I have seen some very positive outcomes from parish plans. Communities have come together to make proposals, sometimes even proposing specific sites where they would like to see development.

One of the key elements in our debate on the south-west regional spatial strategy is the question of sequential sites, a scheme under which local communities and local authorities can identify those sites where they would like development to happen first. The problem with inflated housing targets is that it gives developers a blank cheque, allowing them to go to appeal in order to avoid focusing on those sites first, and instead developing sites on which the local community would far rather resist development. That is yet another problem with the process.

The hon. Member for Reigate (Mr. Blunt) pointed out that the Secretary of State has undertaken some vicious pruning of the strategy. She seems to have pruned some of the key provisions that local authorities and their representatives on the regional assemblies sought as guarantees. As I say, we have ended up with a blank cheque for development.

I return to a point made by the right hon. Member for North-West Hampshire about the shifting economic sands on which our debate is centred. We have to be honest about where housing development is to happen and how quickly it is to take place, given the economic situation that we face. It is even more important to take advantage of the extra time that we now have in order to get things right on some of those sites. As building may not occur for a considerable time, we should ensure that we do not set down planning and zoning proposals that put the wishes of local communities at risk, as they will hang over their heads and could prevent development in areas that may be more preferable.

My party is increasingly concerned that the planning system is being driven entirely from the centre. Excellent work is being done by local authorities and local communities. They are coming up with sustainable plans

[Dan Rogerson]

that meet the needs of the community, that acknowledge the fact that there may be inward migration in some of these areas as well as a need to look after local people, and that consider the benefits to the local economy and the importance of securing employment land as well as residential land. All that good work is being set aside by centrally imposed targets based on models that must now be re-evaluated.

The Liberal Democrats would far rather see a planning system that is flexible enough to deal with the economic circumstances, and one that is far more accountable to local people. We want a planning system that creates communities, meets local need, and is sustainable for new and existing residents alike.

10.36 am

Mrs. Jacqui Lait (Beckenham) (Con): I, too, congratulate my hon. Friend the Member for Guildford (Anne Milton) on securing the debate. As we heard from the hon. Member for North Cornwall (Dan Rogerson), this is not the first such debate, and I suspect that it will not be the last. However, this debate is different from the first. The right hon. Member for Oxford, East (Mr. Smith) has broadly supported the Government, although with some serious questions being raised. I seem to remember that during the last debate three Government supporters savagely attacked the south-west plan. That indicates the sheer depth of concern about this top-down planning target.

I welcome the Minister to what must, for him, be quite an uncomfortable experience. I hope that he has enjoyed hearing of the difficulties that those who represent the residents of south-east England have experienced with the top-down approach.

I have to record the fact that my husband is leader of East Sussex county council and deputy chairman of the South East England Development Agency, and I am therefore deemed to have an interest in the subject. However, I have an interest in the subject in more ways than one, and I am familiar with a number of the broad issues that affect the south-east.

This is a timely debate—I congratulate my hon. Friend the Member for Guildford on that—as the consultation closes on Friday. I have a deep scepticism that despite all the hard work that my hon. Friends, colleagues and constituents have put into the consultation, it will be ignored in much the same way as the original proposals were ignored.

My hon. Friend also referred to a serious concern in the south-east—the difficulty with water resources. That is a minor part of the infrastructure, but it has been referred to by practically every Member in the Chamber. I do not think I am wrong, but doubtless I will be corrected if I am—I clearly have not been properly briefed—but I believe that the South East England Development Agency estimates that the value of infrastructure requirements is to the tune of some £25 billion. Given economic circumstances, one is slightly concerned about where that money is likely to be found. The only developers that one can see on the horizon are the housing associations.

Mr. Lancaster: My hon. Friend may be aware that the Government have introduced the Milton Keynes tariff, under which some £18,500 per dwelling built went towards the local infrastructure. The tariff makes only a small contribution, but given the economic downturn and the lack of houses being built, has it not proved to be rather short-sighted?

Mrs. Lait: I am grateful to my hon. Friend for that intervention. I was going to speak about the impact of the Milton Keynes tax, which has emerged through the Planning Bill as the community infrastructure levy. Can the Minister confirm the rumour that the Government are thinking of imposing the community infrastructure levy at the rate of 25 per cent? If 25 per cent. is added to the cost of every house, it will consume the profitability of any developer.

Obvious consequences will flow from having a levy at that level. Perhaps then we will be able to work out whether the Government's imposed target of extra housing in the south-east can even come close to being reached. My hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) will recognise that £18,500 is not 25 per cent. of the cost of most houses—it is considerably less.

My hon. Friends the Members for Mole Valley (Sir Paul Beresford) and for Guildford raised the issue of windfall housing. I am familiar with it from London suburbs such as Beckenham, because that is precisely how development has been carried out there. In my constituency, as well as in others in the south-east, concerns have been expressed that the nature and character of our communities are being changed, without the local community having a say. Although windfall development is useful and acceptable in many cases, for it not to be included in the housing numbers is disgraceful and typical of the Government's top-down approach.

My hon. Friend the Member for North-East Milton Keynes, with whom I completely agree about the Milton Keynes roof tax, indicated the number of houses that Milton Keynes might have to deal with. I wonder whether that is part of the argument for imposing the community infrastructure levy on infrastructure developments that have nothing to do with the local community. The famous junction on the M1 that is required to make Milton Keynes more viable is not directly related to the community infrastructure levy as it is perceived by local people.

The hon. Member for Eastleigh (Chris Huhne) rightly talked about environmental sustainability and the strategic gaps. None of us would argue with that—maintaining sustainability in the south-east is already difficult, given the pressures. My hon. Friend the Member for Reigate (Mr. Blunt) noted how the top-down approach to planning undermines local democracy. Councillors feel that they have no power and wonder why they were elected. Local people often wonder why they go out to vote for local councillors who can make no difference whatever and are being instructed from the top.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) brought us to the nub of the problem—the issue of heroic assumptions. I suspect that the Government approach has been made on super-heroic, superman-type assumptions. Those of us who lived through the time in office of the then Deputy Prime Minister, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), remember that we sought to abandon predict and provide. Quite

rightly, my right hon. Friend returned us to the reality of predict and provide, and the difficulty that flows from it.

This debate and the previous one highlight the centralising nature of current planning and the fact that we are told what we must do. Local communities are not involved, and do not believe that they are involved, in planning for their future and community. The challenge to the regional spatial strategies could, in our view, lead to civic discontent that is dangerous for the body politic. Not only Conservative and Liberal Members and our constituents object. Significant comments have been made by members of the Labour party. The Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), said:

"The regional spatial strategy has more to do with the era of Soviet-style planning than a modern dynamic economy such as the north-east's." [*Official Report*, 14 June 2007; Vol. 461, c. 959.]

The south-east, south-west and, I am sure, other regions will echo those views.

Mr. Andrew Smith: Does the hon. Lady agree that those who think that it is easy to shift economic development from the south to other regions also have a touch of Soviet-style planning about them?

Mrs. Lait: The right hon. Gentleman cannot—in any way, shape or form—accuse me of thinking that that is easy. I lived through the first experiment in regional policy—the building of a car factory at Linwood, just outside Glasgow. Indeed, the Labour council in Glasgow built delightful housing schemes, as they are called in Scotland, such as Easterhouse and similar places, which are now mostly leaving us, 50 or 60 years on, with social problems that are still unsolved. The right hon. Gentleman's approach is not very sensible.

Sir Paul Beresford: The right hon. Member for Oxford, East (Mr. Smith) fails to understand that persuasion and co-operation with the local planning authority are what works, rather than what I think is fascist dictation. That point is recognised by my hon. Friend, who was a planning Minister before me.

Mrs. Lait: That is the point exactly and I am grateful to my hon. Friend for picking me up on it. Unless local people feel in control, they will resist. This system of top-down centralised planning ensures automatic resistance. It undermines the role of the local authorities and leaves local communities feeling helpless. We plan to deal with the matter in a completely different way and I reassure my hon. Friends that we will abolish regional spatial strategies. We will give back to local people and local authorities the power over their own future.

The point has been made repeatedly: local people know what they can provide and what they need. Indeed, they agreed with the total of 27,000 houses in the south-east plan. They are willing to do that, but the Government, who think that they know better, say, "I am from the Government and I am here to help." We all know the implications, including our constituents.

We must get rid of the regional spatial strategy. We must work with local people and give authority back to local authorities. That is the only way that we can meet what is an acknowledged need for more housing.

10.48 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I am in danger of having the least amount of time in which to respond to the various excellent points that have been raised. I am grateful to the hon. Member for Guildford (Anne Milton) and all colleagues for the restraint, vis-à-vis time, with which they have spoken.

The hon. Lady and I joked before the start of the debate that she could have spoken for an hour on this important issue, and I do not doubt that other hon. Members could also have done so. The fact that they curtailed their remarks demonstrates huge discipline. I recognise the passion with which many colleagues and hon. Friends have spoken, particularly when raising the concerns of their constituents, and I am grateful for the brevity of their comments.

A number of issues were raised, and I shall try in the next 11 minutes to gallop through them and deal with as many as I can. In summary, the issues were the number of houses proposed; the implications for the green belt; whether there will be sufficient social, physical and other infrastructure to support the required growth; and the consultation process. Before responding, right hon. and hon. Members will be aware, as people in the Public Gallery will need to be, that I am unable to comment on, for example, individual proposals for housing, given that the consultation process is under way and the roles that the Department for Communities and Local Government and the Secretary of State play in the planning process. However, I will try to address as many of the general points as I can.

In response to the hon. Member for North-East Milton Keynes (Mr. Lancaster), comments made today will be taken as responses to the consultation—I have sought assurances on that—and the Government will consider all responses. On housing numbers, the hon. Member for Guildford and others were concerned about the proposed house build in their constituencies but said less about how best to ensure—I paraphrase—that our children will have homes to live in with their families in future. I know that those comments were made not because those Members and their constituents are nimbys, but out of recognition of the necessity to balance the need for housing and respect for local areas.

That said, we need to put things in context by saying what has happened in recent times. The hon. Member for Mole Valley (Sir Paul Beresford) referred to his association with my constituency. As a former leader of the local council, he will be aware that thousands and thousands of houses were sold over the past 30 years and that there was a lack of house building in the period. Those things led to some of the crises in the area and elsewhere in the country. I am grateful to him for providing me with the opportunity to put that on record.

During the past 30 years, under both Conservative and Labour Governments, there has been a nationwide 30 per cent. increase in the number of households and a 50 per cent. drop in new house building. In the south-east, the average age of a first-time buyer is now 33, more than 200,000 households are on council waiting lists and more than 7,500 homeless households live in temporary accommodation. The latest regional household projections—the hon. Member for Beckenham (Mrs. Lait)

[Mr. Sadiq Khan]

referred to these as super-heroic presumptions—forecast that 35,850 new households will be required in the next 20 years. The proposed number of dwellings in the panel's recommendations was 32,000, but the increase to 33,125 is 4 per cent. higher.

We face a gap between growing demand and constrained supply, which we all recognise. I am sure that we have all met people in our surgeries—whether in Tooting, Beckenham, Hampshire or Milton Keynes—who are unable to have a house near to where mums, dads, brothers or sisters live. The pressures in Surrey are no different from those in other places. The Government acknowledge the pressures in south-east and from 2006 to 2008 have spent £700 million on increased affordable housing in the region. More importantly, in the next period, between 2008 and 2011, that will increase to £1.24 billion.

To suggest that we do not recognise the problems in the south-east is, I believe, slightly unfair, but the challenge for the future is to balance the interests of the current generation with those of future generations who will need homes. The Government are worried that the concerns of future generations could be drowned out by those of present generations, whether at local, regional or national level. That is the balance that needs to be struck.

The green belt remains an important part of national policy and the Government continue to place great importance on the correct application of the long-standing policy of planning policy guidance note 2. Opposition Members criticised the travesty of the Government building on the green belt, but it is worth allowing the facts to cover some of that rhetoric. The amount of green belt has increased by 33,000 hectares since 1997 and now accounts for around 13 per cent. of England's land mass. It is not true that green belts are being built on around the country, as we can see from those national figures. There is nothing stopping me today confirming that the Secretary of State has proposed to accept all the panel's key green belt recommendations. I am sure that colleagues who are interested in green belt will be pleased to hear that.

The Secretary of State has considered the proposed changes. The problem is protecting the general extent of the green belt in the south-east. The hon. Member for North-East Milton Keynes made a huge issue of the green belt, but he may have meant green fields, which are slightly different. I cannot comment on those points for obvious reasons, but, generally, it is a matter of striking the right balance between the continued application of the green belt policy, the ability of planning authorities to address local issues and the need to create and maintain a network of sustainable communities. The Secretary of State and the Department will welcome comments from all quarters on whether specific place references in the final south-east plan would help to provide more certainty.

I would like to be clear on one more thing on the green belt. Local authorities, as part of their responsibility to current and future generations, must make the difficult decisions about the most sustainable locations for the growth and development that we need, and then plan for their delivery. Once again, it is not fair to suggest that the Secretary of State is ignoring local authority proposals.

Colleagues talked about infrastructure and my right hon. Friend the Member for Oxford, East (Mr. Smith) spent a great deal of his short contribution dealing with social infrastructure. We hear many stories about Government spending in the south-east and the fear of what happens if infrastructure is not in place—the "i before e" problem, meaning infrastructure before expansion. The Government recognise that infrastructure is not only about transport; it is also about health, education, energy supply, waste disposal, cultural and leisure facilities, and green spaces.

Once again, I want to put facts before the rhetoric. As I said, £1.24 billion has been devoted to securing affordable housing in the south-east. Public expenditure on transport in the region in the five years to 2007-08 increased from £1.9 billion to £2.3 billion—*[Interruption.]* I hear someone ask from a sedentary position what this has to do with infrastructure or transport. That point has been made.

Mrs. Lait: Will the Minister give way?

Mr. Khan: The hon. Lady had 13 minutes to speak, and I have nine, but of course I will give way.

Mrs. Lait: I am not going to argue about the fact that the Minister has 12 minutes in which to make his speech. Future infrastructure costs are estimated to be £25 billion, not the paucity represented by the £1 billion-plus on public transport, which has already been spent.

Mr. Khan: I am disappointed that the hon. Lady calls £1.24 billion "paucity". Someone said that infrastructure should come before expansion, and my point is that we have invested in infrastructure, and now we have expansion. I am disappointed that she belittles £1.24 billion.

Anne Milton: The Minister continues to say that he recognises this and that, and keeps telling us what the Government have done, but he is not listening to the people of the south-east, particularly Guildford. He stands there saying that it is unfair of us not to recognise what the Government are doing, but he should pay attention and listen to the people in my area.

Mr. Khan: I am disappointed with that comment. The hon. Lady will be aware that I cannot comment on the individual plans. Had she listened to what I said six minutes ago, she would have known that I can speak today only in generalities. She will be aware of the legal reasons for which I cannot go into specifics. The Government are listening and she should note that we have received 500 e-mails, 3,000 letters and 1,300 comments online so far. We take on board what is said in the debate.

I wish to give a final plug for the consultation, which ends at 5 pm this Friday. We are listening. I encourage all those watching the debate, and those who will read about it in their local papers or hear it on local radio, to continue to respond. People have until 5 pm on Friday to make their views known to the consultation, and we will listen.

Libyan State-sponsored Terrorism

11 am

Mr. Nigel Dodds (Belfast, North) (DUP): It is a pleasure to sit under your chairmanship, Mr. Amess. I am grateful to have the opportunity to debate this important subject.

State-sponsored terrorism has been and remains one of the most alarming trends in international terrorism. It is not a new phenomenon. On 11 September 2001, the western world experienced the nightmare of international terrorism on a scale that had never been seen before. Unfortunately, such action was not a new phenomenon. For many decades, Ulster has suffered from the appalling consequences of IRA terrorism, which has been heavily funded and sponsored by rogue states, such as Libya. Fuelled by a hatred of all things British, Colonel Gaddafi supplied the Provisional IRA with weapons and cash for many years.

One of the most lethal weapons in the IRA arsenal was the deadly Semtex explosive, which made one of its first appearances in Enniskillen in that deadly and tragic bombing in November 1987. For decades, it has been used to bomb towns and cities throughout Northern Ireland. It was used to tear out the heart of the City of London and it left a trail of death and destruction in Omagh in 1998.

As a result of Libya's prolonged and persistent support for the IRA, many innocent men, women and children are dead, and their relatives physically and psychologically scarred. While we are living in more peaceful times in Northern Ireland today—and we are all grateful for that—the scars of the victims will never heal, and the victims must never be forgotten. We are faced with the threat from Islamic terrorism. The western powers have worked towards the restoration of diplomatic relations with Libya and towards bringing Colonel Gaddafi and his regime in from the cold.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): I congratulate my hon. Friend on securing this debate. Does he agree with me that this is a matter of concern to many people and not just those in Northern Ireland? Libyan-donated Semtex explosives were used in bombs at Bishopsgate, Canary Wharf and Manchester, and in other cities in Great Britain. The Government have an obligation not just to Northern Ireland but to citizens throughout the United Kingdom who were the victims of IRA violence as a result of Libyan state-sponsored terrorism.

Mr. Dodds: I am grateful to my right hon. Friend. He makes an extremely valid and important point. Last week, he helped to organise a visit to this place for victims and the relatives of those who were injured and killed in incidents across the United Kingdom. I know that other hon. Members here have had constituents killed in incidents in which Libyan-supplied Semtex was used. The matter affects not just Northern Ireland, but many people right across the United Kingdom. It is a United Kingdom issue.

While progress towards the abandonment of terror and support for terrorism by Libya is welcome and to be encouraged and supported, we must not allow that to prevent Libya from being forced to face up to its responsibility to make reparation for its past involvement in terrorism. Michelle Williamson, whose parents Gillian and George were murdered by the IRA in 1993 in a fish shop in Belfast's Shankill road, two years ago said:

"Libya can't wash its hands of responsibility. It's like the pub owner who knowingly supplies drink to a customer knowing he or she is going to drive home drunk. If that driver kills someone, the person who plied him or her with drink bears some responsibility."

She was quite right.

In 2006, almost 200 British survivors of IRA terrorism—most of whom were from Northern Ireland including Michelle Williamson and Jim Dixon, who was seriously injured in the 1987 Remembrance day bomb in Enniskillen—joined a very small number of American victims in taking a class action against Libya, which was filed and pursued through the courts in the United States. The aim was to ensure compensation along the lines of the Lockerbie air disaster in Scotland. Those who took the action were representing not only themselves, but thousands of others murdered and maimed by Libyan-sponsored IRA terrorism. That was a crucially important and highly symbolic legal action, and those who have suffered so much at the hands of the IRA were surely deserving of the support and encouragement of our Government.

The Government, however, have seemed reluctant—to put it mildly—to become involved, and we were told that that was because of the legal proceedings. None the less, the Government have seen fit to become involved in a number of other matters relating to Libya and Libyan actions towards individuals and foreign citizens. For example, the former Prime Minister, Tony Blair, intervened in relation to the legal actions in Libya against Bulgarian nurses. The Government have rightly intervened on behalf of British and foreign victims of the Lockerbie air disaster, including criminal proceedings in the Netherlands and civil proceedings in Scotland and the United States.

Other European Governments, such as France and Italy, have taken a proactive approach and have secured adequate compensation for their citizens who have suffered as a result of Libyan-supported terrorism. For example, the French Government intervened in litigation brought by their own and foreign citizens against Libya regarding the French flight UTA 772, which exploded in mid-air over the Sahara desert in September 1989.

The inactivity of our Government in seeking to support the victims in their just quest for compensation and justice as a result of Libyan-sponsored IRA terrorism contrasts sharply with the various precedents that they themselves have set. It also contrasts sharply with the activities of other Governments, particularly with the proactive approach of the US Government. I commend the American Administration for their determination to see right done by their own citizens. Sadly, in the case of the legal action that has been brought by UK citizens, such determination has turned out to be something of a two-edged sword, for the US Administration have taken the view—and espoused some of the reasons for it—that they can only look after their own citizens. That approach means that, two years on, the case mounted and initiated in the US has hit a massive brick wall.

The US Administration concluded that it was in their best interests, in both security and economic terms, to engage in a process of rapprochement with Colonel Gaddafi. However, as the US Government engaged in

[Mr. Dodds]

negotiations with Gaddafi's regime, they were also acutely aware of the demands of Congress and victims that any rapprochement could take place only in the context of ensuring compensation for US victims in their courts. In order to secure a successful outcome to the negotiations, the American Government unashamedly interfered in domestic litigation and recommended a stay of civil actions on the basis of agreeing a compensation settlement for US citizens only.

The American deal with Libya was enshrined in the Libya claims settlement agreement of 14 August 2008, and was settled last month when the US Secretary of State Condoleezza Rice visited Libya. The deal means that three Americans—the only US claimants—will be well compensated, and rightly so, but the remaining 139 UK claimants and the class action of some 3,500 British claimants are now back to square one. That cannot be right or just. It is a travesty of justice that has caused considerable dismay and anger among those who now find themselves no better off than they were when they embarked on their just case.

One of the other people who came to the House last week was Willie Frazer of the Northern Ireland-based pressure group, Families Acting for Innocent Relatives. He said:

"We tracked down the American victims to allow us to take the case in the first place. They will now be entitled to get compensation. I don't begrudge it to them. We have been working on this for six years, to hold Colonel Gaddafi responsible. We thought there was some justice in the world."

That view is common. It is felt not just by him but by many victims in Northern Ireland and throughout the United Kingdom in relation to how matters have proceeded. The Government's stance on pursuing compensation appears to be to do nothing. That approach can only infuriate victims further. If it was important for the Government to intervene proactively before, it is imperative that they do so now that the case has come to such an abrupt and unsatisfactory stalemate.

The Prime Minister, the Foreign Secretary and the Government must rise to the challenge. I ask them on behalf of the victims what they will do to ensure that Libya and Colonel Gaddafi are made to face up to their responsibility to compensate the victims of Provisional IRA terrorism. Her Majesty's Government cannot afford simply to sweep the matter under the carpet. However Gaddafi and his regime in Libya are regarded today, we cannot allow them literally to get away with murder.

Unfortunately, the legal correspondence between the victims' representatives and the Government does not fill one with great confidence that the Government are inclined to change their position. In a recent letter of 7 October, the Prime Minister said to the victims' representatives that

"the UK Government does not consider it appropriate to enter into a bilateral discussion with Libya on this matter. Thus remains the Government's position".

He went on to say:

"I assure you that the UK in no way condones Libya's past sponsorship of terrorism…It is, however, important that we recognise the fundamental changes Libya has made in recent years. It has dismantled its weapons of mass destruction programme and renounced its support for international terrorism, including the IRA. With the support of the UK, Libya has returned to the heart of the international community".

That is all very well, but it will bring little comfort to the British citizens who suffer daily as a result of IRA atrocities sponsored and aided to a considerable extent by the same Libyan regime. It appears that the Government's attitude is "Let's not rock the boat. Let's not do anything that will unsettle things diplomatically." That approach is of course not adopted by other Governments, most notably those of the US, France and Italy; it appears to be the unique attitude of the UK Government. To their shame, they sit alone in that attitude, betraying and letting down the victims of terrorism.

This country has suffered more from terrorism over the past 30 years than any other nation in Europe, and perhaps the world, in terms of the length and intensity of violence inflicted. Recently, there has been unprecedented intervention in the banking and financial sectors. It has been all hands to the pump. I do not disagree with many of the actions taken in the current emergency, such as the setting aside of billions, but many victims have said to me recently that it is simply not tenable for the Government to say that they can and will do nothing to achieve justice through compensation for the victims of Libyan state-sponsored terrorism. In my view and that of many victims, the Government must fulfil that moral obligation. Such action will help bring closure to the deep and long-standing tensions between the United Kingdom and Libya and smooth the way to improved trade and business relations, but the issue must be dealt with. It will not go away.

As right hon. and hon. Members will know, a process is under way in Northern Ireland to consider how to deal with issues from the past. An awful lot of time and effort has been put into recognising that such issues will not simply disappear; they must be addressed. Just as that must be acknowledged, the issue of compensation and justice for the victims injured by the Libyans' actions in supporting the IRA cannot be swept under the carpet. It must be addressed. We will have no closure or settlement of the issues until that boil is lanced. If it is not dealt with properly, the spectre of the victims and their suffering will continue to haunt us. It will not simply go away.

There are precedents for Government intervention, as I said. The new special relationship with Gaddafi and Libya has not prevented the US, French and Italian Governments from addressing victims' needs in their recent agreements with Libya. The run-up to a proposed visit to this country by Colonel Gaddafi is an opportunity. I would be grateful if the Minister could confirm what the arrangements are for any such visit. Who will Gaddafi meet? Will the issue of facing up to his responsibility for IRA terrorism be addressed with Ministers? Will there be an opportunity for victims and their representatives to meet him and put the case directly? It is essential that that should be taken on board.

It is vital to ensure that justice is done and is seen to be done for the victims. We welcome the Libyan regime's progress in normalisation and the fact that it has taken its place in the international community, but this country cannot say, uniquely and alone, that we will do nothing as far as the victims are concerned. Others have done it; it can be done. It is imperative that this Government act on behalf of the victims.

11.17 am

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): It is a pleasure to follow the hon. Member for Belfast, North (Mr. Dodds). I congratulate him on securing this debate on an issue that I know he and his colleagues feel strongly about on their constituents' behalf. I know that the matter is of considerable concern to his constituents and groups representing the victims of IRA terrorism, and of course to the victims and their relatives and friends. The Government are acutely aware that many thousands of people have suffered terribly as a result of IRA terrorism. They continue to have the Government's deepest sympathies and my own.

The hon. Gentleman's central question, as I understand it, is whether the British Government will pursue a bilateral settlement with Libya to obtain compensation for the victims of IRA terrorism who have brought claims before the US courts. Before addressing that important and complex question in detail, I assure him and the victims of IRA atrocities that the Government recognise that it is essential to acknowledge and address victims' suffering as a necessary element in the reconciliation process in Northern Ireland. The Government, along with the Northern Ireland Executive and others, including many non-governmental, community-based organisations, have already taken many steps to provide support and services for victims of the troubles.

Since 1998, as the hon. Gentleman knows, the Government have invested more than £20 million in victims' initiatives. Over the past few years, in line with the reshape, rebuild, achieve strategy, responsibility for most initiatives relating to victims has passed to the Northern Ireland Executive, as is right and proper. Central to that responsibility are the four commissioners for victims and survivors, recently appointed by the First and Deputy First Ministers, whose statutory remit will include representing the interests of victims and survivors and reviewing the services provided for them. That is a welcome development.

Andrew Mackinlay (Thurrock) (Lab): As well as associating myself 100 per cent. with the remarks made by the hon. Member for Belfast, North (Mr. Dodds), I remind the Minister that the atrocities were not confined to Northern Ireland, although they were particularly intense there. They were United Kingdom atrocities. I lost a constituent in 1992 in the City of London; I think it was at the Baltic Exchange. The Minister refers to what is happening in Northern Ireland, but the remedy sought is for United Kingdom citizens from Essex to Warrington as well as in Northern Ireland.

Bill Rammell: I take that point firmly on board. The IRA attacks were upon all UK citizens.

The hon. Gentleman referred to the fact that the United States and Libya signed a comprehensive claims settlement agreement on 14 August. The important point is that that followed an explicit approach by Libya to the US to resolve outstanding compensation claims in order to improve their relations. Under the agreement, compensation will be paid from a humanitarian fund to several categories of victims. Libya's sovereign immunity before the US courts will be restored, and terrorism-related legal action, prior to June 2006, before the US courts will be barred.

It is true, however, that those who will receive compensation will be of either US or Libyan nationality, with the exception of those involved in the Lockerbie case. Although the provision of the outstanding compensation to the families of the 52 British victims of Lockerbie is welcome—I am sure that the hon. Gentleman would acknowledge that—I am of course disappointed that the agreement between the US and Libya could not provide compensation for all British claimants in the US proceedings regarding Libyan-sponsored terrorism.

I assure the hon. Gentleman, and all others with an interest in this issue, that the UK Government recognised the importance to the UK victims of their US legal claims, which is why we made real efforts to raise their interests with the US Government. When it became clear that the negotiations were taking place between the US and Libya, the UK Government made a number of diplomatic representations urging the US Government to include, on the list of recipients of any compensation package, UK claimants who had brought cases in the US against Libya. We attempted to do that, but regrettably it did not prove possible for the UK claimants to be included in the US-Libya agreement. A key reason for that, as the Prime Minister explained in writing to H20—the law firm representing the claimants—was the US view that international and US law did not permit the US Administration to espouse as its own the claims of non-US nationals. The US Administration was precluded by law from espousing the claims of UK nationals as part of the compensation agreement. Also relevant to the US decision was its assessment—I must underline that it was its assessment—of how likely the cases were to succeed in the US courts.

Why Lockerbie and not the IRA victims? Although I am sure that the hon. Gentleman would welcome the inclusion of British Lockerbie victims among the recipients of compensation, it is worth emphasising that they have been able to benefit from this agreement because of the unique circumstances of the case. Unlike Libya's support to the IRA, the Lockerbie bombing was subject to a UN Security Council resolution that required Libya to accept responsibility and pay victims' families appropriate compensation. Libya agreed to do so in 2003 following negotiations between the victims' families and Libya. The sums paid to the Lockerbie families under the US-Libya agreement represent the last unpaid tranche of previously agreed settlement payments. Regrettably, no such mechanism, settlement or court judgment is in place in relation to the legal actions regarding the supply of arms by Libya to the IRA. I wish that things were different, but those are the facts of the case.

The hon. Gentleman has urged the Government to open bilateral negotiations with Libya to seek compensation for the British victims of Libyan-sponsored IRA terrorism. The Government considered that very carefully at length and on a number of occasions, and we understand that it is a difficult and sensitive matter for those involved. Although the Government made diplomatic representations to the US Government about their agreement with Libya, the Government's position remains—I respect his view, of course—that we will not seek to enter into a bilateral discussion with Libya on this matter.

Dr. William McCrea (South Antrim) (DUP): Will the Minister stop relying on others to do something that the British Government should do? What action will our Government take on behalf of our citizens to defend their rights and bring them justice?

Bill Rammell: We have taken action on behalf of UK citizens. A claim was made about the Italian Government, but actually the Italian Government compensated Libya—not the other way round—for past colonial actions.

I wish to make it absolutely clear, however, that in reaching this position the Government in no way, shape or form condone Libya's past sponsorship of IRA terrorism, nor—this is crucial—underestimate the suffering caused by IRA atrocities during the troubles. However—this touches on the key point that the hon. Member for Belfast, North raised—it is correct that in addition to the US, France secured a compensation agreement for victims of the bombing of the Union des Transports Aériens flight in 1989, although the circumstances were much more analogous to the Lockerbie bombing than to IRA-supported terrorism.

Andrew Mackinlay: They are French.

Bill Rammell: That was an aside. We have delivered for the victims of Lockerbie on exactly the same basis as the French Government delivered for the citizens.

We do not believe that we can negotiate a bilateral settlement with Libya, for reasons that I shall explain. Although there can be no doubt that Libya's financial and material support to the IRA added significantly to its paramilitary capabilities, both the situation in Northern Ireland and our relations with Libya have been fundamentally transformed in recent years to the benefit of everyone concerned. Libya has dismantled its weapons of mass destruction programme and—crucially—renounced its support for international terrorism, including for the IRA.

Mr. Donaldson: Is the Minister aware that the Semtex explosives supplied by Libya were used in a device fired at police officers in Lisnaskea, County Fermanagh, just a few weeks ago, and that Gaddafi's arming of the republican movement is still having consequences for police officers on the streets of Northern Ireland?

Bill Rammell: I do not absolve Libya from its responsibilities for its past actions, but it is incontestable that there has been a transformation in our relations with the Libyan Government to the benefit of people throughout the UK. Libya has renounced its support for international terrorism.

In 1995, Libya explained to the UK Government the extent of its support to the IRA. It has also complied with UN Security Council resolutions and handed over the Lockerbie suspects for trial, in return for which all UN and EU sanctions against Libya have now been lifted. With the support of the British Government, Libya has now returned to the international community—that is in everyone's interest—and has built normal co-operative relations with those countries to which it was formerly hostile, and we believe that it is right to seek to build on this improvement in relations. Libya is now an essential partner for the UK on wide-ranging issues, in particular in the fight against today's terrorist threats. It is vital for the UK's present and future security that that co-operation continues.

For its part, Libya considers this matter closed. *[Interruption.]* Let me continue. In 1995, Libya explained to the UK Government the extent of its support to the IRA. We should not underestimate the significance of that explanation, because it helped the Government accurately to assess the true material capacities of the IRA. Without that agreement and information, it would have taken us longer to make progress in Northern Ireland. The Libyan Government have subsequently made it clear to us that they now consider this matter closed and that they would be strongly opposed to reopening it. It is therefore this Government's considered assessment that Libya would not support a bilateral settlement of these cases with the UK Government. That is an important point given that in the US, Libya actually initiated the agreement.

I understand the concerns expressed forcefully by the hon. Member for Belfast, North on behalf of his constituents. We have taken action and I think that the situation has improved. Relations have been transformed to the benefit of citizens throughout the UK, including in his constituency. Nevertheless, I understand the force and conviction with which he put forward his arguments and congratulate him on securing this debate.

11.30 am

Sitting suspended.

Banking Services (Small Businesses)

2.30 pm

Lorely Burt (Solihull) (LD): I was grateful to have secured this debate, but when I heard that the Government were making a statement on support for small businesses, I hoped that I would be able to tear up the speech. Sadly that was not the case, but we are all grateful for any small measures that they come up with to support small businesses. We have all watched financial events unfold over the past few months with huge concern. Every person in the country is affected, but today I ask the Government to help the small business sector to survive over the coming months.

Ten days ago, a small business owner in Solihull e-mailed me to say that his bank, HSBC in Solihull, had withdrawn his business overdraft without warning. He described his business profile as very profitable overall, but spiky. He needed an overdraft to help him get over the spikes. His so-called relationship manager had already agreed verbally to the facility and was mysteriously unavailable when he tried to contact her for an explanation. Naturally, I have written to the manager of the bank and to the chief executive of HSBC about the matter.

I have also written to the chief executive about the case of another small business involving the Harborne branch of HSBC. An art studio and retail outlet opened with the full support of that bank. The three directors provided the start-up funding. The business applied for an overdraft to ease its early cash-flow problems caused by having to pay the business rent three months in advance. Despite being able to demonstrate steady growth over the first six months, the application was flatly refused.

The Federation of Small Businesses has been good enough to provide me with further examples from all over the country. Barclays has raised overdraft rates from 2.2 to 5.5 per cent above the base rate. On one company account in east England, it was raised to 7 per cent. above the base rate. NatWest doubled its interest rates on an overdraft and loan for a south Wales-based company and introduced a facility fee of 2.5 per cent. The company had never defaulted on or delayed a payment, but its banking overheads were increased by £100,000 a year. There are more examples, but you get the flavour, Mr. Amess. I find it sickening that some banks are pulling the carpet from underneath small businesses when those same banks have been treated most generously by the taxpayer.

Some businesses are being squeezed at both ends of the credit chain. Some large companies, including supermarkets and retail outlets, are arbitrarily changing their terms of business by extending payment schedules in their own favour to improve their cash flow. Boots, which I name and shame, has extended its terms from paying suppliers about 45 days after the delivery of goods or services to potentially more than 100 days.

I welcome today's statement that Departments will make prompt payments to their supply chains within 10 days. I also welcome the commitment given in last night's debate to look at lowering barriers to enable small businesses to become approved suppliers for Government contracts. Frankly, it is currently hard for small businesses to get a look in. Local authorities such as my own in Solihull can be seduced into awarding huge swathes of service contracts to large companies, thereby cutting out small suppliers. Will the Minister undertake to ensure that the prompt payments to first-tier suppliers feed down the supply chain?

Mr. Brian Binley (Northampton, South) (Con): On that point, let us take as an example a big company that has 400 small businesses in its supply chain. The Government will deal with the big company and pay it, but the trickle-down effect is immensely slow and I fear that it will get slower. Does the hon. Lady see that as a problem? Perhaps she will ask the Minister whether there is any opportunity for the Government to help in that respect with their major suppliers.

Lorely Burt: That is an excellent point, which covers exactly what I am about to ask the Minister. Will she undertake to ensure that the prompt payments that the Government and its agencies make to first-tier suppliers feed down the supply chain? If that does not happen, it will be predominantly large companies that benefit and not the little guys at the bottom.

Worryingly, a Federation of Small Businesses survey found that 51 per cent. of businesses were seeing an increase in their payment times from invoicing to full payment. The FSB maintains that that reflects its concern that large companies are improving their cash-flow performance on the backs of smaller companies. If a small supplier does not like it, they can lump it. The large companies hold all the cards, but should they? Should not the companies that can pay in a timely manner exercise some corporate social responsibility and pay?

When such cases are brought to the attention of the Government, is it possible for a Minister to put pressure on large companies to see whether their influence can persuade those companies to take a more responsible approach to their payment terms? It is in the interests of large companies to do that, as the hon. Gentleman pointed out last night. Otherwise they may find that they have no supply chain left.

At the other end of the credit chain, banks often increase charges for credit or cut off credit facilities arbitrarily. Banks have suddenly and unilaterally altered loan deals and then charged firms higher administrative costs for making those charges. I read that in the *Daily Mail*, Mr. Amess, so it must be true. Some banks have argued that changes in interest rates and other charges will push only companies that are in trouble over the top. Let me tell them that in the vast majority of cases, the problem is not solvency but liquidity. The FSB survey also found that more than three quarters of companies that borrow have seen an increase in the cost of their finance over the last year. A survey by the London chambers of commerce conducted last week and this week found that more than a third of businesses have experienced difficulty in accessing credit as a result of the financial turmoil.

Mr. Binley: The hon. Lady raises an important point that I want to highlight. In many cases, this is about contingency. We will see more bad debt and an elongation of the payment of invoices. Small businesses can run into a one-off problem or have cash-flow problems even if they are very profitable. It is that understanding that we need from the banks—that firms can be very profitable

[Mr. Binley]

but still get a major hit on cash flow, which they need real help with there and then. They want the bank's decision made there and then, too.

Lorely Burt: I am grateful for that intervention, because again the hon. Gentleman raises an important point. If he will have a little patience, I will go on to talk about some of the things that we could ask the Government and the banks to do to help to resolve the short-term cash-flow problems that many of these small businesses have.

The Government have made £50 billion available to the UK's top eight banks and say that they will require those banks that they bail out to give competitively priced debt facilities to small businesses. The Government have said that the arrangement that they have made with the banks is for the banks to maintain the same level of lending for the next three years as they maintained in 2007.

Susan Kramer (Richmond Park) (LD): I apologise for arriving late; I did not race back for this debate from the vote in the House as fast as some other hon. Members managed to.

One of the fears that some businesses in my community have is that they have never needed credit in the past, but because of late payment they suddenly need credit and they have no credit history. They are very afraid that the definition of credit to be made available excludes them, because they were not part of the customer pool in 2007. Will my hon. Friend ask the Minister to address that?

Lorely Burt: Indeed. That is another crucial problem for those companies, which have been so successful in the past that they have not been hit by this tsunami of financial difficulties. Now, at the very moment that they need to ask their banks for help, they face difficulties. I am sure that the Minister has taken note and will ensure that, where banks have customers who have had good cash-flow records in the past, the banks should look very sensitively at this new group of—let us face it—potential good customers.

On the £50 billion that the Government have made available and the 2007 lending levels to which the banks must adhere, only yesterday Lord Mandelson was rowing back on that commitment, saying that the banks would "offer" money at those levels.

Of course, I would be the last one to criticise the Government for not helping small businesses. The Prime Minister negotiated £12 billion-worth of aid through the European Investment Bank. That money is to be made available in the form of "soft" loans from British banks. However, the reason, apparently, that the release of these loans has been delayed is because the Government interfered in how the high street banks should co-ordinate in order to promote the scheme.

I received assurances in the small business debate last night that the Government are not holding up those moneys. I am sure that they do not intend to. However, I do not have a single example to quote yet of that money trickling through to where it is urgently needed. I urge the Minister to get on with it and release that badly needed funding. I hope to goodness that it will not get snagged up in the miles of red tape that we have seen created by other Government grant initiatives. Forget the red tape, because as we speak, companies are failing for want of this life-giving cash injection.

Mr. Mark Hoban (Fareham) (Con): The hon. Member for Twickenham (Dr. Cable) has talked about excessive levels of debt, which leads to the argument that there should be less debt around. Who does the hon. Lady think will suffer as a result of reducing debt levels?

Lorely Burt: I am not entirely sure that I understand the point. When the hon. Gentleman talks about reducing the levels of debt, does that mean debt for the companies or debt for the banks?

Mr. Hoban: The hon. Member for Twickenham frequently talks about reducing the level of debt in the economy. That means that banks will have to lend less if they are to reduce the level of debt. Who will suffer when that level of debt comes down?

Lorely Burt: I am not aware of my hon. Friend having made any such statement. Only today and in the debate yesterday, my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), who is sitting here and is big enough to speak for himself, agreed with the Government about the amount of borrowing that is necessary to try to refloat the economy. I am not sure where the hon. Gentleman has taken that idea from, but I suspect that it may be slightly incorrect.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Is it not the case that the debt to which my hon. Friend is referring is the vast tide of toxic debt that has been wracked up by a greedy City, which sloshes around in the balance sheets of banks, bringing them to their knees? That is the debt that we want to see removed from the economy.

Lorely Burt: I am extremely grateful to my hon. Friend for that intervention; he has helped me out very graciously there.

Perhaps I can help the Minister with some further suggestions. I was wondering whether it would be possible for her colleagues to negotiate an agreed protocol with all the banks that have received taxpayers' money. My hon. Friend the Member for Caithness, Sutherland and Easter Ross, in his response to the Government statement, asked for the Government to agree a memorandum of understanding on vital issues, such as limits to the fees and rates to be charged, availability of finance and so on.

Could that list not also include, say, a requirement that banks always give at least one month's notice of any changes in banking terms of business? Furthermore, could the other banks not adopt the same sort of procedure as Lloyds TSB, which has about 5 per cent. of its business customers on a special "watch list", to give them extra support? How much better is that than pulling the rug out from under them?

In the small business debate yesterday, the attitude of some banks that make arbitrary decisions at a level removed from the immediate branch and the customer's situation was raised. The best person to decide how help is to be given is surely the person who is closest to

the problem. It is meaningless to designate someone as a "relationship manager" when there is no real relationship. They might just as well sit there and say to the company that approaches them for help, "Computer says no." I will be making these points when I meet the chief executive of the British Bankers Association next week. However, what we really need is for the Government to row in and ensure that these changes, or something like them, happen before it is too late.

I know that this is a crazy idea, but could we not even get the magnificent Business Link advisers to row in and help struggling companies? Indeed, the Economic Secretary suggested that in his statement. Those advisers could work with the banks to help businesses, perhaps requiring banks at least to consider schemes such as the small business loan guarantee scheme. Would that not be a really good use of Business Link advisers' time?

I do not know whether the Minister has noticed, but take-up of the small firms loans guarantee scheme has been steadily declining. I think that that is because many companies need more than the existing £250,000 limit and the process to obtain the money has been criticised by many businesses as being the biggest barrier to obtaining it. Why not increase the limit that a firm can apply for and get rid of the red tape that is holding firms back? After all, we would not stop at a roadside accident where a victim was bleeding to death and fill in a questionnaire before applying a tourniquet, would we?

Having said all that, the picture is not all bad. Some small businesses can prosper in economic downturns such as this one because they are more flexible in adapting to a changed market circumstance.

Mark Williams (Ceredigion) (LD): One particular problem that many businesses face in my constituency and that of my hon. Friend is the continuing failure of rate relief on empty properties. That is a standard fee which is very costly to the type of businesses that she is representing. As some of our small businesses contract, that situation is getting markedly worse. Would she welcome an extension, at the very least, of the three-month holiday period for payment on empty properties?

Lorely Burt: I completely understand what my hon. Friend is saying. Indeed, I do not know whether he has seen my early-day motion on that subject, which calls for the Government to re-examine the policy on rate relief for empty businesses. Companies are making money from needlessly demolishing commercial property because the property owner cannot afford to pay the empty property rate relief. I have a constituent who is letting his commercial premises in Birmingham at only 50p a square foot, because he cannot afford to pay the empty property rate relief. My hon. Friend makes an important point. Why, at a time when it is clear that there will be much less demand for commercial property, can we not help this sector of the market and make some adjustments to Government policy? Otherwise, when the upturn comes there will be nobody to do all the jobs that will be created.

On a positive note, however, businesses—particularly small businesses—are extremely flexible. They can survive and prosper, but only if they get a little help from their friends, the banks.

2.52 pm

Mr. Ian McCartney (Makerfield) (Lab): I congratulate the hon. Member for Solihull (Lorely Burt) on securing this debate in such a timely manner. I know that she has a strong interest in consumer affairs. When I was the Minister with responsibility for trading and consumer affairs, she represented the Liberal Democrats with distinction, although she caused me uncomfortable moments at times, particularly during the passage of the Consumers, Estate Agents and Redress Act 2007. During the passage of that Act, she spent a great deal of time talking about vulnerable consumers and the impact of indebtedness on them, individually and as families. The points that she made in today's debate are among a family of measures that she is prepared to set before the House.

I declare an interest: since leaving the Government, I have become president of the Money Advice Trust, which was founded in 1991, following the Conservative Government's report on indebtedness and the lack of free face-to-face advice—or free advice of any kind—to help people to get out of debt and to manage their resources effectively so as to prevent them from going further into debt, or back into debt once they had come out of it.

Since 1991, the president of the trust has been Lord Borrie, so I have large shoes to fill. I am enjoying the role, and I hope to give a flavour of the trust's work to all hon. Members, because it is not a partisan political organisation. Indeed, during the Conservative party conference in Birmingham, the Leader of the Opposition visited the service and was made extremely welcome. He had a private discussion and debate not just with those who run the national debt advice centre in Birmingham, but with the staff who have daily contact with people to work on their indebtedness and to help them through it to reach the other side and keep them and their families together.

The Money Advice Trust is there to increase the quality, availability and efficiency of money advice. It receives resources from Departments and from the banking and other sectors, with two thirds of its funding coming from outside Government and one third from Government. The trust's job is to co-ordinate money advice, provide direct service provision free to all who contact it, provide information, and influence the training and research of the money advice sector.

The trust is chaired by Martin Hall, former director general of the Finance and Leasing Association, who has a great reputation in the City and in the voluntary sector, where he is involved in work in this area. The chief executive is Joanna Elson, a former executive director at the British Bankers Association, who is one of the most effective chief executives working in this area, in this country and in Europe.

The Money Advice Trust opened up Business Debtline and has now received pledges from the Department for Business, Enterprise and Regulatory Reform, for which I wish to thank the Minister, for an ongoing budget through to 2010. Since September this year, demand for the Business Debtline service has risen by a staggering 60 per cent., putting stress and strain on its resources and ability to give good-quality advice to those who need it, and need it quickly.

[Mr. Ian McCartney]

The co-ordination of the free-to-client money advice sector, which includes Citizens Advice, is done by the trust. As a consequence, through Government funding, we now have the largest number of debt advisers of any country in Europe. That is down solely to the funding provided by the Government and the significant role played by the former Treasury Minister, my right hon. Friend the Member for Normanton (Ed Balls).

The National Debtline and Business Debtline have helped 135,000 people so far this year. They have trained more than 90 per cent. of the country's free-to-client debt advisers, including those funded by the Treasury's financial inclusion fund. The trust is training a further round of debt advisers, who will work not just for the trust, but for other parts of the sector. It will be training the advisers to deliver the Government's mortgage rescue system, and it looks forward to taking up that task as soon as possible.

Since becoming president of the trust, I have held meetings with the Treasury, the Ministry of Justice, the Department for Work and Pensions, the Department for Communities and Local Government and the Department for Business, Enterprise and Regulatory Reform to keep them abreast of developments, and they are all investing in one form or another in the trust and its services.

Business Debtline is becoming a much valued asset and resource, and the trust hopes to be able to keep the House and the Government abreast of what the debt line finds. It is a unique national service, offering free, confidential and independent advice by telephone on how to deal to with debt or the cash-flow problems that trading businesses encounter, and which lead to financial difficulty.

Business Debtline was the first crisis intervention hotline for small businesses created in western Europe. The positive impact that it is having is such that the European Commission and other partners have asked it to assist in the launch of three similar pilots in France, Spain and the Netherlands. The problem of small business indebtedness is not peculiar to this country; it affects small businesses across the globe.

This current credit crunch takes vulnerable businesses to the brink. It adds to our burden and problems with the market, cash flow and relationships with suppliers, in getting back from them the income that they owe. That all adds up to a difficult situation for small businesses, as has been reflected time and again in calls to Business Debtline.

About 15,000 small businesses based in the UK will have contacted Business Debtline by the end of the quarter. The Business Debtline website was launched a year ago and is receiving 100,000 hits per month. It is designed to give practical help and advice to small businesses.

From my point of view, there is no point in my representing the Money Advice Trust and not letting hon. Members know just how much effective intervention is needed at an early stage, and how many businesses require such help. The Government are already using that type of information, which has been reflected in ministerial financial statements, in the Secretary of State's statement yesterday and by the Economic Secretary to the Treasury in the House this afternoon.

During September, Business Debtline received more than 5,500 calls from businesses seeking help and advice. As I said, that is an increase of 60 per cent., compared with an increase of 30 per cent. in calls to the debt line for consumer customers, who are not business owners. The pressures on the business community, particularly the small and micro-business community, are intense at this time. It is important that the free advice that is provided allows businesses to survive and to utilise the other services being made available to them, whether through the Government or other agencies.

I met with Which? on 14 October on behalf of the Money Advice Trust, and during that meeting explained the newly established National Economic Council, which is a welcome initiative by the Government. I wrote to the Chancellor on behalf of the trust to indicate the importance of working with the trust.

However, one aspect of the council needs strengthening at some stage, and that is that it does not have any direct consumer representation. Which? has now put that in the public domain, and I welcome its support, but it was the trust that wrote to the Chancellor first, on 14 October, and asked him to consider establishing at least one place on the council for an independent consumer representative. For that, I do not mean a politician such as me. There are many skilled, knowledgeable people whose job it is to represent consumer interests, and they could play an effective part.

The whole point of the council is to deal with the practical nuts and bolts of how this country takes on the challenges, one of which must be to ensure that the problems faced by individual consumers and small businesses are reflected through the council. I ask my hon. Friend the Minister to ask the Chancellor to look at that request sympathetically.

I also wrote to the Chancellor to tell him that on Monday I will be bringing together all the partners that provide money advice across the United Kingdom: citizens advice bureaux, AdviceUK, the Consumer Credit Counselling Service, the Institute of Money Advisers, Citizens Advice Scotland, Citizens Advice Northern Ireland, Money Advice Scotland and Advice Northern Ireland. We will discuss how we can respond more effectively to the current crisis, the demand for advice services, our current capacity and what capacity we forecast will be required next year. We need to co-ordinate across the whole sector and work not just as individual groups but collectively to maximise the service to the benefit of consumers who are in debt or may get into debt if they do not get proper free advice. We are looking for better ways to work together and to improve access to the capacity that we already have.

We are looking at how the recent steps that the Government have taken in the banking system will affect funding for the free advice sector. Much of our work is done with the banking sector, and of course changes to the structure of the banking system have already taken place. We are looking at how the changes will impact on the job that we do for the Government in terms of the resources that they provide and what more we can do to assist. We are looking at how we can help the Government to help consumers with actual or potential debt problems. I shall write to the Minister following the meeting on Monday, and I hope that we can discuss as soon as possible the outcomes of the meeting, because

the whole purpose of the groups, in helping the consumer, is to help the Minister to understand the issues that consumers face and what we can do as a sector to assist consumers and secure support for them.

One thing that is always forgotten when people get into debt is the fact that the vast majority of them did not get into that situation because of wilful failure on their part. An overwhelming majority of people who get in debt want support and help to get out of debt. More than 80 per cent. of the people who are helped by our service repay their debt and go on to repair the damage done to their life and their family.

The damage done by debt can be severe. Debt can cause severe problems to people's health, and to relationships in the family and in the workplace. Ultimately, for small businesses, it can lead to their demise and, with that, a demise of the financial structure that underpins the stability of the family, including the potential loss of other assets such as the home.

Debt is not something that someone willingly takes on. It has a serious impact on individuals and families. The debt advice sector is important in helping the Government when people are in debt and in securing resources to do that. It also feeds back to the Government and to the House what is happening on the ground in a fast-moving situation. Even where there is total sympathy, as well as the structures in Government to assist and support people and the community, the fact is that it is only through the debt services that such problems are quickly discovered.

It was through debt counselling, for example, that we became aware of and advised the Government about problems in the court system. Too many people were being automatically put up for repossession when other measures could have been followed first. That information came through the phone lines of the Money Advice Trust and others who give advice. Therefore, the debt advice sector is critical to helping to find solutions to problems that are arising.

I offer the Minister and her colleagues in the Treasury an opportunity after next Monday to get feedback, and I hope that out of that feedback we will be able to provide an even more effective advice service on behalf of her and her colleagues, and co-ordinate effort across the whole sector—not just the Money Advice Trust, but all the other organisations that I named. All of them, in one part or another, receive resources from the public and the private sector, and it is our job to ensure that we provide support services not just to those who are in debt, but to the Government, who want to provide the best possible services to prevent people from getting into debt, or, if they are in debt, to help them to get out of it.

I again thank the hon. Member for Solihull for this opportunity. I hope that the information that I have provided to Members has been of interest. I would be happy to make arrangements for any Member who wished to do so over the coming months to visit our services in Birmingham. On the ground, meeting the staff, Members would get a better understanding of the services that we provide, the quality of the advice that the staff give and the knowledge, sympathy and empathy that they bring to the discussion. We are the first point of contact for many people. Their whole life is crumbling before them, and what they need is someone who has not just knowledge but sympathy and empathy to take them through reconstructing their life and to help them through the business of getting rid of their debt.

I have a final point to make about the banking system and our discussions on reforming it. When I was a Minister, we established services in places such as Birmingham—they have now been rolled out across the country—to prevent people from getting into the hands of illegal money lenders. In the evidence about how illegal money lenders operate, it came out that, in the first instance, banks had removed themselves from giving quality, legitimate, transparent assistance to communities, small businesses and citizens, particularly in poor, inner-city and urban areas. When the banking system withdrew its services, it opened up opportunities for illegal banking services and all the social and criminal problems that come in their wake.

Therefore, when we consider the future of the banking system, we must ensure that the institutions that come out of the rescue package go back into and invest in those communities and, alongside the voluntary sector, offer banking services to ensure that people are not forced into the hands of illegal money lenders.

It is nonsensical that in large parts of the United Kingdom in the past 20 years or so banks have consistently withdrawn their services to communities and that, as a consequence, millions of pounds of legitimate business has been forced through the hands of illegal money lenders rather than through the legitimate facilities of banks and building societies. There is an obligation on the industry to work with the Government, who are putting in huge resources to rid the country of the scourge of illegal money lenders. We can put them in jail, but others will come in if legitimate banking services are not available.

The lesson that we should all learn is that the only way to keep illegal money lending out of the system and stop people getting into debt to money lenders is to reintroduce legitimate lending services through the banks, building societies and other institutions. The Government have done a great deal of work on that, and I hope that my hon. Friend the Minister will take it forward.

3.8 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I congratulate my hon. Friend the Member for Solihull (Lorely Burt) on having secured this debate at this time. She has clearly caught the mood of the moment.

Before I respond to her remarks, may I briefly congratulate the right hon. Member for Makerfield (Mr. McCartney) on his contribution? It was not so much about small business—more about individual people—but it was important. I recall that when the Minister and I sat on the Treasury Committee together, we looked in some detail at the matter that he discussed. There was a great deal in what he said, and I am sure that the Minister will be sympathetic to it.

One point that I would make briefly is about the importance of credit unions. I happened to have the opportunity late last week to be in a pleasant part of Scotland called Glenrothes. I visited the credit union there and was impressed by the work that that small credit union in the kingdom of Fife was doing.

[John Thurso]

My hon. Friend has clearly caught the moment. We are at the point where what was, a year ago, a credit crunch that appeared to be almost entirely confined to the City has now well and truly spread out into the high street. Small businesses are vital for commerce. They are major employers and, when taken together, they form the majority of the local economy, particularly in many rural areas such as the one that I represent. Those employers are exactly who hon. Members would expect: hoteliers, restaurateurs, shopkeepers and small farmers, who run important businesses. Interestingly, they are also often small start-up companies in the knowledge economy, which are being nursed through and are growing. All these companies find themselves suddenly vulnerable. For all of them the problem is the same: cash flow. We are back to that moment when cash is king.

I was running a business in the last recession and was responsible for one in the recession before that. I know precisely what owners and managers are thinking at the moment: they are worrying about where the money is coming from to meet the payroll. That is everybody's worry. Next after that they are worrying about how on earth they will deal with Her Majesty's Revenue and Customs on tax and VAT. They are trying to squeeze their debtors to pay quickly and stretching their creditors as much as they can, they are cancelling orders where they can and are not going ahead with capital expenditure. On top of all that, the real worry is whether they can hold on to their banking facility and whether their bank will stand by them through this situation.

We heard evidence earlier—we heard evidence in the debate in the main Chamber yesterday and during the statement this afternoon—of banks removing facilities. One problem is that overdraft facilities may be agreed for a year, but the fine print says that those are repayable on demand. Another problem is that, suddenly, as my hon. Friend mentioned, interest rates are going from around 2 to 2.5 per cent. up to 5 and 7 per cent.—and I have heard that they are going higher—and facility fees, which used to be £100, are suddenly £500 or £1,000 or whatever it may be. It is vital that we get to grips with that problem with the banking sector.

Since the Conservative spokesman, the hon. Member for Fareham (Mr. Hoban), raised the point, I should say there is nothing either particularly good or bad about debt. What is bad is badly constructed debt—the toxic debt that I mentioned in my intervention—and irresponsible lending to people who, frankly, should never have had the money in the first place. I am thinking particularly about young people who have been encouraged to take credit cards at exorbitant rates.

I was told a story six or eight months ago about a young lady who had amassed twice as much debt on credit cards as her annual salary. That is unacceptable. I would like to see such levels of debt reduced. I would not want to get back to such a level of irresponsible lending. Banks lending to companies that are solvent but need liquidity and the Government borrowing to advance projects to stimulate the economy are both examples of acceptable debt. We should encourage that, provided that we do so appropriately.

My hon. Friend set out the problems: one's facility being taken away quickly and the cost involved. My hon. Friend the Member for Richmond Park (Susan Kramer) raised the problem of companies that have never had to acquire debt but find themselves with a working capital deficit and need to ask for some credit. At the moment, if people do not have a credit history they are unlikely to get a facility. The Government statement made this afternoon contained a fine sentiment, which was the promise that debt would be available at 2007 levels. In the statement that I received, "availability" was underlined. So it is the availability that is there.

I am delighted that a Treasury Minister is responding to this debate, because there is a real opportunity tomorrow, when members of the Government and Treasury officials meet with the banks as part of their negotiations, to ask for a formal memorandum of understanding or protocol to deal with these issues in principle before we get into the terrible situation of Government officials having to arbitrate on individual loans, which would be unacceptable. I suggest, as my hon. Friend the Member for Solihull said, that under such a protocol banks would agree not to exercise their right to cancel facilities overnight, but would give a minimum of 28 days' notice. They would also agree to honour previously agreed facility fees and interest rates. The Government might like to consider asking the banks to allow businesses with term loans over five, seven or 10 years, for example, which are mostly made up of capital repayment with an interest slug on top, a holiday without penalty from the capital repayment, which would save them a lot of money, because it would be an interest-only loan and the capital sum could be added to the end of the term loan with interest on it.

Mr. Hoban: Is there not a challenge here? Every time a loan is extended to a customer, that means less capital is available to lend to other customers. We are talking about banks with a finite amount of capital at the moment, where lending levels are lower, and there is an issue about trade-off, which needs to be recognised.

John Thurso: I understand the difficulties. In a 10-minute speech it is difficult to encapsulate all the detail.

Returning to what is good debt and what is not, if we are to allow borrowing in certain areas, it should be allowed for solvent companies with temporary cash flow difficulties in respect of their working capital, to help them by making minor adjustments, which the banks have done commercially on their own in the past. Agreeing that through a memorandum would be highly desirable.

The idea of making Government bodies at all levels pay at 10 days is laudable. However, I worry about how that will be policed or even quantified, because the vast bulk of large organisations pay by computer, usually through a monthly computer run to the bank. Will these organisations be in a position to make the payments that they are promising? However, more important than that is the point raised by my hon. Friend regarding large plcs conserving their cash by putting pressure on creditors who do not have the clout to argue with them. It is undesirable to attempt to legislate in any way on this. I suggest that the Minister talks to the CBI about the possibility of its making the point to all its members.

Such a measure will ultimately have to be voluntary, but peer pressure from a respected organisation, such as the CBI, would make a considerable difference.

Finally, in the statement there was much talk of HMRC becoming more flexible, which I am looking forward to. However, I would like to know how that would work, because, as I recall, HMRC has a directive to be as efficient as it can about recouping its money. During the statement, my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) requested that the Minister at the Dispatch Box place in the Library of the House of Commons the new instructions being given to HMRC. However, the Minister was unable to answer that point, largely because he was from the Department for Business, Enterprise and Regulatory Reform. Perhaps the Minister will tell us when those instructions will be put in the Library.

My hon. Friend the Member for Solihull made a powerful case, and I hope that I have added a few constructive suggestions for the Minister to think about. It is clear that small businesses are vital to our economy. They will go through a short period that will be very rough and cash flow will be at the root of it, so anything that we can do to help them will be a wise investment for the future.

3.20 pm

Mr. Mark Hoban (Fareham) (Con): I congratulate the hon. Member for Solihull (Lorely Burt) on securing this debate. When she did so last week, she may have thought that this would be the only opportunity this week to discuss the issue, but events moved on, and we had an Opposition day debate in the House yesterday, and a statement this afternoon. Everything to be said may have been said, but certainly not everyone has said it, as I shall prove in a few moments.

The hon. Lady made some important points, but part of the challenge is that although the debate is about small businesses, large businesses are also facing cash flow problems, and there is a beggar-my-neighbour problem. A larger business facing similar challenges with cash flow and bank facilities may believe that the only way in which it can manage its cash flow is to sweat its debtors harder and make them pay faster, and to delay payment to creditors, as the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) mentioned from his business experience.

Lorely Burt: I am grateful to the hon. Gentleman for giving way so early in his speech. I completely understand where he is coming from, particularly in the light of the collapse of some huge organisations. When a bank collapses, one realises the precariousness of businesses at both ends of the spectrum.

My point, on behalf of small businesses, is that a larger business generally has a little more fat, but small businesses often live hand to mouth. Larger businesses can often absorb problems and cash flow difficulties, but they may be the end for small businesses if they are living hand to mouth. I am concerned for all businesses, but particularly small businesses.

Mr. Hoban: The hon. Lady makes a fair point, but such problems are not limited to small businesses, and businesses across a wide spectrum will suffer. In my constituency, a private business with more than 50 employees is classified as big. Fareham has a huge number of small businesses, and I know that they are going through some of those problems.

The right hon. Member for Makerfield (Mr. McCartney) mentioned Joanna Elson, and I am seeing her next week to discuss the Money Advice Trust's work. I welcome the fact that it has moved into providing advice to businesses. He and I, and other hon. Members have come across constituents who receive tremendous advice from the Money Advice Trust, citizens advice bureaux, and consumer credit counselling services. Their advice is often not to take on more debt, and how to manage finance better. That constructive advice is needed by small and medium-sized businesses and is a practical way in which to help them through the crisis.

I am aware that small businesses are facing high arrangement fees, that overdraft rates are rising from 10 to 15 per cent., and that facilities are being reduced and withdrawn, often at short notice. That is happening because of the credit crunch, because banks are hoarding their capital and rationing lending. Consumers have faced that problem during the past year, and more and more businesses are now facing it. Different banks act in different ways, depending on their strength. Some will be able to continue to lend, and I have heard examples of small businesses being refused facilities at one bank, and being granted them at better rates by another. There is an onus on businesses to shop around, but we see the impact of the credit crunch on the wider economy. In his speech in Leeds last night, the Governor of the Bank of England was very clear about that when he said that we are heading towards recession.

It is important that the Government consider ways to help small businesses and to ease their cash flow problems. We welcome the Government's measure to speed up payment to suppliers, and the NHS and other Government bodies are also being asked to do so. We have argued that companies should be allowed to defer their VAT bills. They would pay interest on that, but interest at 7.5 per cent. is a lot better than interest on an overdraft of 15 per cent. That would help.

Lorely Burt: The hon. Gentleman is being extremely patient, and I am grateful. I wanted to ask a question about VAT during the debate in the House last night, because I could not find the cost of that measure on the Conservative party's website. Although the Conservatives purport to have costed such measures, I could not see a costing or where they intend to find the money. I should be most grateful if he will enlighten me.

Mr. Hoban: This is a first. I have never heard a Liberal Democrat ask for the cost of a policy. Had I known that the hon. Lady would be so prudent about spending commitments, I might have asked her to cost her party's spending commitments. I do not have the figures to hand for every policy, but it is a reasonable way to help and encourage businesses. There is a cost attached, as there is to prompt payment.

The Exchequer Secretary to the Treasury (Angela Eagle): Will the hon. Gentleman give way?

Mr. Hoban: I am not sure whether I shall get injury time. I am supposed to take no longer than 10 minutes, but I shall be gracious and give way to the Minister.

Angela Eagle: It is kind of the hon. Gentleman to be so gracious, and I thank him. Is he saying that he does not know off hand the cost of the announcements that the leader of his party made? It is important to know how the Opposition propose to pay for the policies that they announce.

Mr. Amess (in the Chair): Order. The debate runs until 4 o'clock, so hon. Members have plenty of time.

Mr. Hoban: Thank you, Mr. Amess, I promise that I shall not go on until 10 minutes to 4, unless the Minister or the hon. Member for Solihull provokes me to do so.

Our policy has been costed. We are a responsible Opposition, and we ensure that our policy proposals are properly costed because we know that the Government will scrutinise them, and we will not fall into the trap that they fall into of pretending that new money has been announced simply by rebadging it or bringing it forward.

Angela Eagle: Will the hon. Gentleman give way?

Mr. Hoban: No. I have given way to the Minister, and I have said that our policy has been costed, but that I do not happen to have the figures to hand.

Mr. McCartney: Perhaps the hon. Gentleman will circulate a letter with the costings, and perhaps he will give the figures in both sterling and roubles.

Mr. Hoban: I knew in my bones that it was a bad idea to take an intervention from the right hon. Gentleman, whose remarks had been non-partisan, but he is now interested in roubles. I am sure that Lord Mandelson will be equally familiar with the cost of policies in roubles.

Another way in which to help small businesses is to reduce employers' national insurance contributions by 1 per cent. for six months, which could be financed by the abolition of allowances elsewhere. Such measures would help to ease cash flow problems for small businesses, and that is what we want to do.

We have made other proposals to help small businesses. We know that some will need time to find refinancing. Their bank may have withdrawn a facility, but they may want to shop around, which is why we proposed some reforms to insolvency law to give a short breathing space to businesses, before they are put into administration, to help them to find that facility, and to provide greater protection for creditors who provide them with finance during that interim period. We do not want businesses to disappear or jobs to be lost unnecessarily, and it is important to provide a reasonable breathing space for businesses to find alternative facilities.

We must also consider the macro-picture. One challenge in the development of the crisis is that some of the rules governing the amounts that banks lend have encouraged excessive lending in the good times, and a contraction of facilities in the bad times. The Basel 2 arrangements reinforce either end of the business cycle, and we want those arrangements to be reformed to make the availability of finance much more stable. We are pleased that the hon. Member for Twickenham (Dr. Cable) agrees with us in that policy. It is important.

At home, we must give the Bank of England greater power to monitor the debt level in the economy, and to ensure that the Financial Services Authority takes action to tackle excessive lending. Although debt makes an important contribution to business growth, too much debt in the economy creates a bubble that hurts families and businesses when it bursts. We need to get it right. The Governor of the Bank of England has previously talked about a goldilocks economy—not too hot and not too cold. I suspect that in recent years, we have had an economy that is too hot and we are now paying the price for that.

I shall turn to the package that the Government announced to refinance three of Britain's leading banks: Royal Bank of Scotland, Halifax Bank of Scotland and Lloyds TSB. On 13 October, the Chancellor said that the

"availability of lending to home owners and small business will be maintained at at least 2007 levels". [*Official Report*, 13 October 2008; Vol. 480, c. 540.]

However yesterday, Eric Daniels, who is the chief executive of Lloyds TSB, said to his staff:

"What we have given government is an assurance that we will make our products available in the SME markets...and mortgages, so we will have good availability and we will market just as hard as we did in 2007".

There is a gap between the banks and the Government. The Government seem to be suggesting that lending will be at 2007 levels and the banks are saying that they will market at 2007 levels and make sure that there is good availability. Businesses will want some clarity about what commitment banks have given to the Government in return for the public finance they have received.

I would also like the Minister to comment on the effect that the Government's package will have on the cost of capital to banks, because that will have an impact on the rates at which banks will lend to homeowners and businesses. The preference shares that the Government have proposed are priced at 12 per cent., compared with 5 per cent. in the US. An extra 7 per cent. will therefore be paid by way of dividends, which will force up the cost of capital. The guarantees are about 50 basis points above the average for a bank's credit default swaps. That, again, could increase the cost of capital and will flow through to small businesses. Has the Minister looked at the impact that might have on the cost of borrowing for small businesses?

John Thurso: The hon. Gentleman raises an important point regarding the cost of capital. It surely must be right that the preference shares are reasonably costly because of the reason they are going. Does he agree that in that circumstance, if the banks get their act together and behave properly, they ought to be able to repay those preference shares? They should not be made to hold on to them for five years, as I believe they are meant to do.

Mr. Hoban: The hon. Gentleman makes a good point. I can see why it is a good idea to pay the preference shares back quicker, but we ought to think about the cost of paying them back quicker, because doing so would imply that there will be less money available for lending to small businesses and families. The Chancellor is proud that Northern Rock has repaid £11 billion back to the taxpayer, but, of course, that means there is

£11 billion less by way of mortgage capital out there in the market. We need to be careful about what we are going to commit the banks to and what the impact of accelerating repayment of the preference shares will be on lending. However, he makes a good point about reducing the cost of capital by repaying them earlier.

In conclusion, it is worth remembering what the Governor said yesterday:

"it will take time before the recapitalisation leads to a resumption of normal levels of lending by the banking system to the real economy".

That is the position we are in at the moment. It will take some time for those levels to return and it will therefore be harder for small businesses to access finance. That is why it is important to ensure that the right measures are in place to help small businesses with their cash flow. The Governor's words are also a reminder that we need to look for a stable level of borrowing in the economy, so that we have economic stability and avoid some of the overheating we have seen recently.

3.34 pm

The Exchequer Secretary to the Treasury (Angela Eagle): It is a great pleasure to respond to this extremely timely debate. I congratulate the hon. Member for Solihull (Lorely Burt) on her timing and on her success in the ballot. Her observations have given us some things to think about, and she gave prescient examples of what has been going on in her constituency. My right hon. Friend the Member for Makerfield (Mr. McCartney) also did that in his contribution. Those consequences have been brought home to many right hon. and hon. Members from all parties, which is why this subject has taken centre stage this week. We are all being made aware of how behaviour has changed and the effect that that is having on our small business sector.

Obviously, support for small business is a crucial subject at the best of times, but it is even more important during what we recognise to be much more challenging times. Like the hon. Lady, I recognise the vital role that small and medium-sized enterprises play in our economy. There are 4.7 million small businesses, which provide 13.5 million jobs. That is, I think, an increase of nearly 1 million in number since 1997 and 1.5 million more jobs since 1997. Those businesses contribute as much as large businesses to UK output and turnover.

Obviously, this tough economic climate creates challenges for us all. The effects of the global economic crisis have filtered down from major financial institutions to families across the country and to the country's 4.7 million small and medium-sized enterprises, as we have heard. I recognise that some of the commercial sectors worst affected by the financial crisis are those dominated by small and medium-sized enterprises—for example, the construction industry. Some 60 per cent. of employment in that sector is in micro-businesses, which is double the national average.

I am proud of the Government's track record in supporting small and medium-sized enterprises and we are determined to help businesses affected by the global economic difficulties by doing what we can to support those who need it most. Although the origins of the crisis are global, the response has included firm action in the UK that has, obviously, been taken by my right hon. Friend the Prime Minister and the Chancellor. Action has also involved working to restore stability, which has included working with our counterparts around the world to achieve the same end. As hon. Members will know, one part of the Government's recent initiatives to support the UK financial system will use public money to buy shares in UK banks to improve their capital positions—the recapitalisation programme. So far, HBOS, Lloyds TSB and the Royal Bank of Scotland have signed up to a combined Government investment of £37 billion.

As has been said, banks participating in that scheme have made an explicit commitment as part of their agreement with the Government that, during the next three years, they will maintain the availability and active marketing of competitively priced lending to small businesses at 2007 levels.

Mr. Hoban: Is the Minister saying that there is no commitment on behalf of banks to lend at 2007 levels?

Angela Eagle: I was about to go on to that. The commitment means that lenders will offer a wide range of products at competitive rates, which are made available to credit-worthy customers. The decision to lend to individual customers and businesses must by definition remain a decision for individual banks. That is dependent on the specific circumstances and a level of detail that it is impossible for the Government to get into in terms of deciding whether individual A or business B should get a loan, as I am sure all hon. Members will understand only too readily. In addition, participating banks have committed to publishing an annual report on their lending to small business. That will ensure that there is transparency about how banks are supporting small and medium-sized enterprises.

The banks have also committed themselves to reporting on application and usage of the European Investment Bank's small and medium-sized enterprise loan facility, which the hon. Lady mentioned. Those are credit lines offered to banks specifically for their small and medium-sized enterprise lending at competitive rates. The European Investment Bank has made €30 billion available under that facility over the period 2008-11.

The Government are taking steps to raise awareness of that facility and strongly encourage all UK banks to make the best use of the funding. We expect that participating banks will need to review comprehensively their business strategies, to take account of the recapitalisations and commitments that they have made. We look forward to the outcomes of that work.

Lorely Burt *rose—*

John Thurso *rose—*

Angela Eagle: I will give way to the hon. Lady, because it is her debate, so she gets first dibs.

Lorely Burt: Can the Minister give an indication of how long all the consideration that she describes will take? If I were a small business, how soon could I apply for some of the funding and how would I go about that? We have heard a lot about the funding, and many companies need it now, so will she elaborate on the time scale and methodology?

Angela Eagle: The scheme is applied for through banks. It is important that banks realise that the liquidity—the money from the European Investment Bank—is available and that they consider how they can ensure that they have access to it, use it and pass it on.

[Angela Eagle]

The credit guarantee and the special liquidity schemes, which were announced at the same time as the recapitalisation scheme, will help to unfreeze inter-bank lending, which will in turn free up liquidity at the other major banks, too. We are looking to see that that is passed on to businesses and home owners. It is in everyone's interest that the financial system unfreezes—that lending unfreezes—and we get that vital part of the economy working. It is like oil in an engine. We have to get that in to facilitate the smooth working of the engine again. That is what the recapitalisation, special liquidity and credit guarantee schemes are designed to do.

John Thurso: My question is regarding the small firms loan guarantee scheme, which the Minister has mentioned. I welcome the fact that the Government have put more money in, but the extra money will not be used because last year, according to the annual report, only £270 million was lent. The number of firms availing themselves of that assistance has gone down year on year, and the default rate, which is costing the Government £68 million or £69 million, is running at 13 per cent. The critical difficulty is the way in which the scheme is administered and who is eligible. What will the Government do to make it available to more firms?

Angela Eagle: The hon. Member for Solihull raised that matter. My intention was to go on to deal with some of those issues, but I am more than happy to do so now. The Government are seeking to increase demand for the scheme. We increased the amount available for the scheme by £60 million to a total of £360 million for this financial year, which is a 20 per cent. increase. Ministers are engaged with banks to find ways of ensuring that the banks are promoting the scheme appropriately and that the liquidity that is in it is put where it is needed in the most efficient way and in a timely fashion. It is in everyone's interest to ensure that that works.

As the hon. Lady said, a £250,000 limit has been set for the scheme. That was in response to the independent Graham review. The vast majority of loans at the moment are not at the maximum level, but we are considering options for improving the scheme. We want to see whether increases might be an appropriate way of dealing with the issue, but we are also considering outreach to ensure that the money gets where it needs to go. It is not applied for directly, as the hon. Gentleman hinted at in his speech. It is administered by the bank or as part of its portfolio of support available. We are considering means of improving the scheme and increasing uptake of it. Obviously, that will be in collaboration with the banks, but we may be able to do other things to ensure that knowledge of the scheme's availability is more widespread.

My right hon. Friend the Member for Makerfield might know one such outlet in the form of the business advice that he talked about. We need to ensure that advice organisations such as Citizens Advice and debt advisers are aware of these programmes. Often, they sound boring and people do not understand or know about them. In the past, perhaps we have relied too much on those who are experts to use them. We need to ensure that knowledge of the programmes is much more widely held than perhaps it has been, and we will ensure that we bring that about.

The hon. Lady, in a series of interesting and important comments, suggested that Business Link should provide advice. It already provides advice to all firms, including on how best to access finance. In these times, we need to ensure that all advice organisations up their game as much as possible, respond quickly to a rapidly changing situation and give good, well-focused advice at just the time when it is needed. I trust that in the current circumstances that will come about.

My right hon. Friend made an extremely good speech, in which he mentioned a range of issues. I think that we were all extremely pleased to hear that the organisation with which he has become involved since he stepped back from manic ministerial life has launched debt advice for business. He is right to point out that the information from the front line about the 60 per cent. increase since September in calls to the helpline from small businesses is an early indicator of what is going on. It gives the Government information and advice about what is happening on the front line far more quickly than official statistics can. An important part of our having feedback mechanisms is so that we can respond quickly to the situation as it is changing. Naturally, I thank him for pointing out that it is Government investment in those advice services that has enabled 135,000 people to be helped this year. The quite sophisticated organisation that is emerging is doing important and pioneering work, offering debt advice not only to individuals but to small businesses. That is part of the financial inclusion fund.

I will pass on to the Chancellor my right hon. Friend's request as to whether it is possible to have direct consumer representation on the National Economic Council. I promise that we will get back to him on that in due course. He should take pride in the fact that the announcements today on repossessions have been developed as a policy response partly because of the information that the Money Advice Trust and others feed back to Government to tell us what is going on regionally at the front line.

Mr. McCartney: I thank my hon. Friend for that comment; I will pass it back to colleagues on the ground. The Government have assisted in putting in place a pilot project whereby we give advice in the courts for those who are at risk of losing their property. The Government may want to examine whether we can roll that out further to assist them with the announcement made today at Prime Minister's Question Time, because that type of intervention will give security to the Prime Minister's statement and help to ensure that people do not end up, wrongly, in front of a court having their house repossessed.

Angela Eagle: I could not agree more. I promise that we will continue to see what we can do, using the feedback mechanisms that have developed for debt advisers to respond rapidly to newly emerging problems.

My right hon. Friend mentioned loan sharks, which are an issue in many communities, including mine. I recently attended a conference on that in my constituency. I was happy to see that money from the Department for Business, Enterprise and Regulatory Reform, which has been developing a national response to the problem of loan sharking, has led in the past year to the closing of £6 million-worth of loan shark books. In my own area of the north-west, £100,000-worth of loan shark books were closed. There have also been prosecutions.

What is just as important is that debt advice is being given to those who have fallen into that trap. They are often guided to credit unions and given other advice. In one case, someone was rehoused. Extremely important and very focused work is going on in that area. However, I agree that once the loan shark books have been closed down, they will have to be replaced with other more sensible ways of borrowing, otherwise the same conditions will continue and the next loan shark will deal with the demand.

My right hon. Friend might like to know that, as part of the recapitalisation scheme, the banks have agreed to conditions to support plans that help people struggling with mortgage payments to stay in their homes. The banks also support the expansion of financial capability initiatives, and that is in addition to conditions ensuring the availability of lending.

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) made his usual interventions, and, as always, because of his experience, his speech was extremely well targeted. He and I have spent many an interesting hour on the Treasury Select Committee questioning bankers and others, and I look back on that time with great fondness. He was right to emphasise the importance of credit unions, especially for those with small cash needs, but he was also right to talk about the serious issues that face many small businesses. I shall leave information about HMRC instructions in the Library because, although I heard his question, I have not had time to fashion a response.

The hon. Gentleman spoke also of developing memorandums of understanding or protocols. Our relationship with the banks that have recapitalised is obviously slightly different to the one that we have with those that have not yet gone for recapitalisation funds. However, major banks and policy makers recognise that we need to ensure that the economic fallout of the credit crunch and the dramatic events that we have seen over the past few months should impact as little as possible on the real economy. One way to achieve that is to see what we can do to ensure the flow of funding to the SME community. As I said, it is responsible for generating nearly 50 per cent. of our business activity, tax revenues and so on.

The hon. Gentleman also asked how the 10-day aim would be fulfilled, a subject raised also by the hon. Lady. The Government have led by example and agreed to ensure that payment is made within 10 days. That will amount to about £70 billion of procurement. On-time payment will increase cash flow for those who contract with the public sector, and regional development agencies have announced that they will do the same. That represents about £750 million of expenditure. The Secretary of State for Communities and Local Government has written to the Local Government Association to ask if it will follow suit. The chief executive of the NHS has done the same. If everyone gets on board, that will represent £175 billion of procurement.

The hon. Lady was concerned about how that money could be passed down the supply chain so that not only large companies benefited. The Government look to the private sector to follow where the public sector leads. Many private sector firms are already committed to making prompt payment; they are identified as members of the Institute of Credit Management. We expect big businesses to regard the passing on of such payments as a matter of corporate and social responsibility. Short of legislating, which no one has suggested, it is up to everyone to ensure that laggards and others that put small business in real danger by not passing on payments promptly will get the oxygen of publicity. I would like to see businesses coming forward voluntarily to say that they will follow the Government's lead.

Mr. McCartney: May I invite my hon. Friend to do one more thing for small businesses? They are under a great deal of pressure from energy costs. Looking across Europe, one can see that the UK business community has proportionately greater costs for energy than some businesses on the continent. It is not an anti-European point, but perhaps my hon. Friend, with the help of the Secretary of State for Energy and Climate Change, will consider Ofgem's lack of effectiveness as regulator in properly looking after the interests of the small business community, as well as general consumers, given that the cost of energy is fundamentally undermining the stability of business.

Angela Eagle: I thank my right hon. Friend for those observations. He is right, but energy costs for businesses can be improved the more energy efficient they are. There is a great deal of leeway for businesses to improve their energy efficiency and there are quite short payback times—but that clearly needs investment, which brings us back to the beginning. Many things can be done, and the Government are considering them. I promise to pass my right hon. Friend's observations to my right hon. Friend the Secretary of State of the new Ministry.

The hon. Member for Fareham (Mr. Hoban) observed that there have been no debates on small business, and then, just like the buses, three come at once. I suspect that we have many debates on small business, but it is right that hon. Members had the chance, today and yesterday, to reflect on the real worries that people have. I welcome the opportunity to respond to the debate.

I was astonished to discover that the hon. Gentleman could not enlighten us on the cost of the eye-catching Opposition suggestion that VAT payments should be deferred for six months for small and medium-sized enterprises. It is hard to work out what the cost would be. Last year, £80 billion was paid in VAT, and 50 per cent. of business activity can be attributed to SMEs. A six-month holiday could cause the Government cash-flow problems worth billions of pounds, and it could cause some practical problems too. Likewise, I was puzzled that the Conservative party website did not have those costings proudly displayed for all to see. The figures have obviously slipped out of the hon. Gentleman's brief.

It is by no means clear that VAT holidays would apply only to small businesses, and if we had to give them to all businesses, it would put everyone six months in arrears in their VAT payments. Once that period came to an end, how would companies deal with the cash-flow problems that suddenly hit them? There seemed to be some hint about interest payments, but that too could represent a large cost. The Government may have to borrow more—we have been criticised for borrowing by the Conservative party—to make up the cash flow for the six months while no VAT was coming in.

The Opposition have not properly explored a range of issues, which makes me think that that was a PR suggestion rather than a properly worked out policy. I

[Angela Eagle]

wait with interest to see what the costings are. My right hon. Friend the Member for Makerfield suggested that the Opposition could circulate a letter outlining the cost. I would certainly be interested to see the contents of such a letter, but I shall not hold my breath.

Again, I congratulate the hon. Member for Solihull on securing this timely debate. I hope that she agrees that it has been interesting, focused and worth while. We have focused on the practicalities of how to assist small businesses to get through in the best possible way.

Gypsies and Travellers (Epping Forest)

4 pm

Mrs. Eleanor Laing (Epping Forest) (Con): I am most grateful for the opportunity to raise this important matter in Westminster Hall. I shall begin gently to allow the Minister to take his place.

This has become an extremely important issue in my constituency, which is small, rather overcrowded and close to London. We are protective of our green belt and of the ancient woodlands in Epping Forest, which are important socially and environmentally. I am glad that the Minister has now found his seat.

Let me explain. There have always been Gypsies and Travellers temporarily accommodated in and around Epping Forest—that is part of life and no one objects to it. Sometimes, they have stopped for a while before passing on peacefully to their next place of residence, and sometimes, especially in recent years, some have unfortunately caused trouble by leaving an enormous mess behind. Many hon. Members will be familiar with such a situation in their own parts of the country. Once the Gypsies and Travellers have moved on, they sometimes cause health and safety problems and leave taxpayers an enormous financial cost for clearing up the mess that they have left behind. However, that is an occasional problem that every local authority and every community has to deal with at times. It is not the problem that I wish to address today.

The problem that I want to discuss is entirely of the Government's making—that is the main point of my debate. With regard to this problem, which is entirely avoidable, I have received countless letters, e-mails and phone calls, and I have held numerous meetings and been visited today at the House of Commons by some of my constituents. The Government are riding roughshod over local democracy and opinion. They are not only insisting, but directing in law, that Epping Forest district council provide 96 additional pitches for Gypsies and Travellers over the next few years.

I appreciate that there must be somewhere for Gypsies and Travellers to go to, but I completely disagree and take issue with the Minister who said in Westminster Hall on 22 May 2008 that this is

> "a relatively solvable problem of providing 4,000 additional pitches, spread throughout the length and breadth of this country, covering about 1 square mile".—[*Official Report, Westminster Hall*, 22 May 2008; Vol. 476, c. 171WH.]

He continued, "We can sort this."

Let me tell the Minister that 1 square mile in one part of the country is not the same as in another. Our little corner of Essex in Epping Forest sits on the London border and is dependent on the green belt, the surrounding countryside and the ancient forest. A little bit of land is very precious. I mean that it is precious not in terms of its monetary value, but rather in how it is used for our environment and communities.

In terms of the whole country, 1 square mile might not seem much. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), who was sitting in front of me a moment ago, represents part of Caithness where there are hundreds of square miles with nothing in them. That is not the case in Epping Forest, where 96 pitches would take up a large amount of space.

The issue is not only about the amount of space taken up; it is about precisely where that space might be. I do not understand how the Minister can justify the Government's plans to create 388 new pitches throughout Essex over the next two years. Perhaps he can defend those pitches for Gypsies and Travellers throughout Essex, but I do not see why the Government are saying that we need so many.

To make matters worse, the strict criteria that the Government have laid down for finding what are described as "suitable pitches" make it difficult in an area such as Epping Forest to find such a pitch. My constituents are rightly concerned about the effect that the development of those 96 pitches would have on our local communities, landscape and the green belt. The effect on individual people who live next to the pitches would be almost indescribable.

Can any of us imagine part of our own garden, or a small field adjacent to our house, being compulsorily purchased and used for Gypsies and Travellers, when for centuries it had been used only by horses or sheep? That would cause indescribable anguish among my constituents and I have every sympathy with them. More than anything, they are rightly indignant about how local democracy is being utterly ignored and disregarded. Local people are not properly consulted, and decisions are forced on our communities by regional and national bodies.

Epping Forest district council is a well-run local authority, regardless of political control. It is under Conservative control, but that has not been the case for most of the last 15 or 20 years. During that time, it has been a responsible, well-run district council that takes its duties seriously. This is not about party politics; it is about protecting our local community and planning for the best use of our scarce land resources.

Because of the way that the Government behave, Epping Forest district council, which is taking the blame for producing a development document on where the 96 pitches might go, simply had no choice in the matter. I find that difficult to explain. There is no democracy and no choice. Epping Forest district council has been directed by the Government office for the east of England to amend the local development scheme. I quote from a letter from that Government office dated 17 September 2007:

> "In exercise of the powers conferred on her by section 15(4) of the Planning and Compulsory Purchase Act, the Secretary of State for Communities and local government directs that your council make the following amendments to the local development scheme...and to specify that (a) it includes a Gypsy and Traveller site Development Plan Document".

Of course, Epping Forest district council behaves responsibly, and once directed by the Government office for the east of England to produce such a document and local development scheme, it went ahead and did so. However, that was not done urgently enough for the Government's liking, and the workings of responsible local democracy have been cast aside and utterly ignored by this over-powerful, dictatorial Government.

Epping Forest district council, having done as it was told by the Government office for the east of England, found that the Minister—I am delighted that he is here—had written to the council on 23 April 2008:

> "I consider it crucial for the Council to make demonstrable progress with this important document in a clear and urgent manner in accordance with the terms of the Direction in order we can get to a position, sooner rather than later, where Gypsies and Travellers will have appropriate authorised provision of sites".

The responsible, properly acting and democratically elected Epping Forest district council has gone ahead to try to solve the problem of finding places for the Gypsies and Travellers, but it is not allowed to do so in a reasonable and considered way, because the Minister says, "You can't take time or look at the criteria and try to find places. You must do it now."

The council has entered into a consultation to produce a development plan document. Consultation is the right way to take the local community along when an exercise of this kind has to be undertaken, but it is meaningless if it is directed by the Government. We now find that edicts are dictated by that unelected, totally undemocratic and unaccountable body, the East of England regional assembly.

All that, because of how it has been undertaken at the Government's command, is leading to the compulsory purchase of privately owned land. I am not exaggerating when I say that the proposed compulsory purchase of those pieces of land for this purpose smacks of the worst excesses of communist dictatorship. My constituents and I, as well as Epping Forest district council, which I totally support, see it that way.

My constituents have written to me about an enormous variety of problems that result for them both personally and as members of our local community from the Government's overbearing and dictatorial attitude. Compulsory purchase simply is not fair. I have received some heartbreaking letters from people who have spent a lifetime building up the resources to buy a house. That house and the little bit of land beside it are all they have for their retirement. If the land beside the house is compulsorily purchased, and if Gypsies and Travellers are put on it by the Government, those people will lose everything that they have worked all their lives for. I have every sympathy with them, and the Minister is wrong to ignore them. I am talking not about one family or one person, but an enormous problem, if 96 pitches are to be found in my small constituency and throughout the Epping Forest area.

The impact on our precious green belt, conservation areas and sites of special scientific interest would be enormous, and ancient woodland and indigenous wildlife would be badly affected. When we then consider the increase in traffic flows on unsuitable roads, road safety, listed buildings and their surroundings, the impact on local facilities—particularly the lack of provision in primary schools, GP surgeries, utilities and other transport matters—we realise that local infrastructure is unable to sustain the enforced increase in our local population in those areas.

Added to that, there is the problem of building on flood plains. We have a lot of flooding problems in Epping Forest, which was not taken into consideration in the Government's criteria and how they issued their orders.

Most of all, I am concerned about how the planning laws will be distorted. Local people feel that there is one planning law for them and another for Gypsies and Travellers. People who want to build a small extension

[Mrs. Eleanor Laing]

to their houses in the Epping Forest area have to go through an enormous number of hoops in the planning procedure—quite rightly.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright) *indicated dissent.*

Mrs. Laing: The Minister is indicating that he disagrees, but the planning process is difficult because we have in our area protected ancient woodland, a lot of green belt and overcrowding. The planning laws are rightly strict for local people, yet the planning laws for Gypsies and Travellers, who are merely passing through and are not part of our local community, are quite different and much more lenient.

The point is that we want Gypsies and Travellers to integrate in the local community and to be part of the general community throughout the country. We also want to ensure that the children of Gypsies and Travellers are properly educated in our local schools, and that elderly Gypsies and Travellers are properly looked after in the NHS. Therefore, we should be encouraging a degree of integration, but the law does not do so. Instead, by forcing the Government's plans on a local community, the law sets people apart. Far from integrating, the Government, by dictating rules and laws, go entirely against community cohesion.

We have to live together on this small island of ours, and it takes patience and careful planning to ensure that different groups and people with different interests can do so in harmony. In Epping Forest right now, the Government are putting the local council and local people in an impossible position, and, for the sake of their own political programme, causing upset to community cohesion and to individuals. They have created a problem. The Minister may say, "We can sort it," but I have to tell him that he is wrong.

4.17 pm

Patrick Hall (Bedford) (Lab): I am grateful to the hon. Member for Epping Forest (Mrs. Laing) and the Minister for generously allowing me a couple of minutes to speak. I will take no more than that.

The hon. Lady concentrated on land acquisition for site provision. The Minister will know, having visited Bedford earlier this year, that I am concerned about what happens when provision is entirely inadequate. Several of Bedford's parks and open spaces have this year played host to a series of unauthorised Traveller encampments—almost weekly from April until October.

Mr. David Amess (in the Chair): Order. I am very reluctant to interrupt the hon. Gentleman, but it is clear that if he is to be in order, he has to talk about Epping Forest, not his own circumstances in Bedford. I am afraid that this is a very narrow debate.

Mrs. Laing: It might help you, Mr. Amess, and the hon. Member for Bedford (Patrick Hall), if I say that lack of provision is relevant to Epping Forest because if the exercise that I spoke about is not properly carried out, Epping Forest will have the same problems that the hon. Gentleman has encountered in Bedford. Epping Forest has a lot to learn from Bedford in that regard.

Patrick Hall: I am grateful to the hon. Lady for her helpful remarks. The issues that I am raising, although they come from my direct experience, are relevant to Epping Forest and perhaps to a few other places.

I wish to put three things to my hon. Friend the Minister on alternative provision. Alternative provision is part of the answer to unauthorised encampments. I support the restoration of the statutory requirement on councils to make such provision. However, that is only part of the answer, so I want to put three points to the Minister. First, will he consider the point made by the mayor of Bedford borough that the law be changed to allow all local councils—

Mr. David Amess (in the Chair): Order. I am very sorry, but I am being strongly advised that we cannot have specific points about Bedford. They can be about only Epping Forest.

Patrick Hall: My points are entirely relevant to every local authority, including Epping Forest. We should allow local councils—all of them—to issue a blanket eviction order with regard to their land so that they do not have to go through the time-consuming, frustrating process that is part of the current law. The Minister has had that point of view put to him before. I believe that such a measure relates to all local councils.

My second point is to ask the Minister to revisit the Briscoe review and consider adopting similar measures regarding trespass that the Republic of Ireland adopted in 2002.

My third point relates to interim or emergency sites that I raised with regard to Bedford, but which would apply anywhere. Is the Minister ready to issue guidance on councils providing emergency sites, pending the proper provision that he seeks?

4.21 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a pleasure to serve under your chairmanship, Mr. Amess-perhaps I should say your over-powerful and forceful chairmanship, as the hon. Member for Epping Forest (Mrs. Laing) might say.

I also congratulate the hon. Lady on securing the debate and the manner in which she advanced the case on behalf of some of her constituents. Again, I thought that her arguments were extremely forceful and somewhat over-powerful.

I congratulate my hon. Friend the Member for Bedford (Patrick Hall), whom I visited earlier this year to talk about the provision of Gypsy and Traveller accommodation in his borough. I also acknowledge the presence of the hon. Member for North Wiltshire (Mr. Gray), who has raised Gypsy and Traveller issues on a great many occasions, and I know that it is a subject that really interests him.

If I may, Mr. Amess, I would like to be incredibly unprofessional and wish my son, William, a very happy fourth birthday. I am grateful to the Chamber for allowing me to make such comments.

In many respects, the debate is extremely timely. The hon. Member for Epping Forest will be aware of the examination in public of planning for Gypsy and Traveller accommodation in the east of England. She may be

aware that the EiP started yesterday in Letchworth and will run until Friday. Using the results of that public consultation, the panel will provide recommendations on any changes to the proposals. The Government will consult on further changes before publishing the final policy in 2009.

I do not want to say a lot about the details of that examination because I am limited in what I can say on the ground of matters being quasi judicial. All I will say is that all interested parties will have the opportunity this week to debate the number of pitches that have to be provided. The process does not mean that provision should necessarily await the outcome of the EiP. Until the regional spatial strategy review is adopted, local authorities should continue to base provision on the latest available information on need within the region and local area in the context of the urgent need for improved provision across the region.

The hon. Lady specifically mentioned green belt and I want to address that directly in the time that I have. I want to be as clear as I possibly can be on this extremely important matter. It is right and proper that we support, maintain and enhance the green belt as much as possible. She will agree that it is very much valued and an extremely efficient planning tool to prevent urban sprawl.

Circular 01/06 makes it clear that Gypsy and Traveller sites are inappropriate in the green belt. Therefore, it is the responsibility of local authorities to manage land provision to meet housing needs, and in an area such as Epping Forest, that principally means managing the supply of land within the urban areas available for redevelopment or with potential for alternative uses.

We may quibble about the figures. The hon. Lady mentioned 96 additional pitches. My understanding was that the district's proposed Gypsy and Traveller pitch target was 49 to 2011, and potentially 92 to 2021. I must forcefully argue that that is a tiny proportion—just 4 per cent. of the RSS target of at least 2,290 additional dwellings needed in the region between 2006 and 2021.

The hon. Lady spoke very powerfully about the communist nature of this Government. She said that we are over-powerful and dictatorial. I disagree vehemently. The whole point of the process is that local authorities step up to the plate to ensure that they have the evidence in place in relation to accommodation—I mean not just Gypsy and Traveller accommodation, but additional housing for the wider need, as and when it is necessary.

In preparing for the debate, I was struck by some of the comments made by Councillor Anne Grigg, who is planning and economic development portfolio holder. In what I consider the quote of the debate, she said:

> "Mistrust and misunderstanding between the travelling and settled communities can lead to friction. This process, which includes comprehensive public consultation, should help to identify a balanced solution. Hopefully if our District plans for good sites, we will run less risk of unauthorised encampments and problems these create."

Councillor Grigg is a Conservative. I do not want to make a narrow political point here; on the contrary, I am pleased to see those comments and an example of mature local leadership on an issue that can raise huge tensions. However, it appears that there is strong leadership on the matter within the local authority, which is a welcome and positive step change in attitude from what there has been in recent months.

Mrs. Laing: Anne Grigg is a very responsible councillor and she is writing what she says. My point is that Councillor Grigg and the rest of Epping Forest district council are not being allowed to handle the matter in a way that they, as a democratically locally elected district council, wish to do because they are being told by the Government in a dictatorial way how it must be handled.

Mr. Wright: Let me address the additional and new site provision framework that we have put in place. As the hon. Lady is aware, local authorities are required by the Housing Act 2004 to undertake accommodation needs assessments for Gypsies and Travellers as they do for the rest of the community with regard to conventional bricks and mortar housing. They also have to prepare a development framework to facilitate identification of appropriate sites. We recommend that that is done in a timely manner.

The presumption continues to be that local planning authorities should identify and assess the need for sites for Gypsies and Travellers, and where that need is identified allocate sufficient land within a development plan document. Any local authority not intending to do so must demonstrate that there is no need and that other means are certain to deliver sites to meet future needs—for example, through clear criteria.

I strongly suggest to the hon. Lady that we need increased authorised site provision coupled with effective use of enforcement powers—my hon. Friend the Member for Bedford and I have already discussed this—and a joined-up approach between various organisations, whether it is the local authority, police or others. If we are to address the problems that the hon. Lady has highlighted, we need to have that identification, assessment of authorised sites and good management of those sites because the whole community will benefit and we will see more examples of community cohesion and communities coming together as she suggested, as well as, ultimately, a reduction in enforcement costs, which is incredibly important.

Mrs. Laing: I simply do not see how compulsory purchase will create good community cohesion. It is tantamount to stealing people's possessions.

Mr. Wright: The whole process is bottom up. The comments that have been made by Councillor Anne Grigg demonstrate a real step change in attitude in the local authority. There is a recognition that well-managed authorised sites that work in partnership with local agencies can reduce community tension and enforcement costs, which benefits everybody concerned.

Let me finish on an important point. The hon. Lady suggested that there is one rule for the settled community and another for the Gypsy and Traveller communities. I dispute that. There is one rule in this land and that is for everybody.

Tax Credit Overpayments

4.30 pm

Michael Jabez Foster (Hastings and Rye) (Lab): I am grateful for the opportunity to launch this debate on tax credits, and in particular on repayments by those who fail to fill in their forms on time. The introduction of tax credits has made a huge difference to thousands of families in my constituency. Tax credits have made it possible for people with disabilities or young children to take on work and improve their circumstances. I am very pleased with the concept.

Across the country, nearly 700,000 children have been lifted from poverty thanks in no small part to the introduction of tax credits, but our ambition to remove 1 million children from poverty by 2010 and eradicate the scourge of poverty by 2020 is a tall order, and every impediment must be removed. The keep the promise campaign rightly recognises that the Labour Government's achievements have been enormous, but it points out, also rightly, that we must still work towards achieving what we promised.

If tax credits can be criticised, it must surely be on the grounds that they are just too complex. The average recipient relies entirely on official calculations, and it is nigh on impossible to know whether payments are right or wrong. For my part—and I am a pretty intelligent chap—I have not a clue how the formula works. I will not embarrass my right hon. Friend the Minister by asking whether he can make the calculations; his staff certainly cannot. The calculations are made by feeding the computer with myriad facts and figures, and one simply hopes that the outcome is correct.

Unfortunately, the introduction of tax credits was marred initially by computer faults and system failures. That has got much better, but there remains none the less a legacy of victims who, for the most part, simply did not know whether what they were paid was right or wrong, or whether they were overpaid or underpaid. Sometimes rough justice is better than no justice, and I hope that the Minister will still consider how the system can be simplified. A benefit should always have two qualities: knowledge of eligibility and knowledge whether what one receives is right or wrong. It is a simple test that tax credits, sadly, do not meet.

However, the concern that I wish to raise today relates to a specific failure in the tax credit system. It is a regulatory issue, but one that casts families into poverty rather than lifting them out. Through my constituency casework, I have been made aware of several cases—I know that many colleagues have had similar experiences—in which an award has been terminated after failure to finalise within the permitted deadline. When that happens, the whole amount paid during the tax year becomes recoverable, even if the family's circumstances meant that they were fully entitled to all that they received.

We are not talking about a few hundred pounds. In many cases, sums of £5,000 or £7,000—for some families, that is almost half a year's income—are being demanded. It is a sign of how widespread the problem is that over 100 of my parliamentary colleagues have signed an early-day motion that I sponsored on the subject. I am grateful for their support.

It is not my practice to raise such issues in Adjournment debates, particularly with a kind and generous person such as my right hon. Friend the Minister. I would rather deal with them by bringing them to the attention of the appropriate Department. However, that is what I have been doing. Over and over again, my colleagues and I have raised the issue with the Department. Indeed, the Department now has the benefit of an ombudsman's report saying that what is happening is wrong, but nothing has been done and no remedy has been found.

I have asked how many households are affected by the issue. I know that my right hon. Friend will not yet have had the chance to answer, as my question was perfected only earlier this week, but so far that information has not been forthcoming. We may be able to find out more about how many families are subject to this draconian measure requiring repayment when they fail to fill in the forms. In the absence of statistical data, all I can say is that the empirical evidence suggests that the issue is not insignificant. It affects certainly hundreds and perhaps thousands of families, and the support for my early-day motion suggests that it is widespread.

I shall explain a little about how the problem arises. A family receiving child tax credit continues to receive the benefit after the end of the year for which it is awarded. There is a case for paying retrospectively—that would be a better system, if it could be devised—but that is not how it works. In order to finalise an award, the applicant is required to complete a record of income for the past year not later than 31 July of the following year. That may seem straightforward and perfectly reasonable; indeed, the Department requires the perfected information in order to finalise the award for the current year as well as the previous year. However, sometimes, for exceptional reasons—or, I dare say, sometimes out of ignorance or gross failure—the forms are not returned in time. Sometimes it is alleged that the forms have been returned, but the Revenue denies receipt. Who knows? I do know, however, that the draconian policy in such situations causes harm.

In such situations, not only does the current payment cease but all payments made during the current year before that cessation are recoverable in full, even if it is deemed subsequently that the award was fully valid. In short, families are being asked to pay, out of no income or a reduced income, an award to which they were entitled, and are thus being plunged into poverty. That cannot be right.

To give an example, one of my constituents has five children, two of whom are severely disabled. Although her husband works, they live on a very low income. They failed to finalise their award within the time scale allowed for by HM Revenue and Customs and were notified by letter that they would need to do so. My constituent says that she then sent off the relevant details. There is proof that the tax credit office received the letter, but it did not contain all the information needed to finalise the claim. My constituent says that they wrote again, but heard nothing further.

Some time later, her tax credits stopped altogether, at which point she contacted the tax credit office and was told to reapply, which she did. That was fine—she filed a new claim and started receiving money from November of that year—but all the money that she had received from April to November, even though her income had not changed, was repayable. It came to more than £5,000. The family could ill afford it; in fact, they simply cannot afford it. They have been plunged into

poverty as a result of that failure on her part. Whether or not it is her fault, that is simply wrong.

That family, with all its problems, was plunged into poverty. Perhaps my constituent should have been more careful to ensure that the information that she sent was complete, or sent the documentation by recorded delivery to be sure, but the fact is that the average recipient family are not solicitors of the Supreme Court or Ministers of the Crown. They act in normal ways. They get things wrong. Life is hard. To punish them for what is either no fault of their own or simple ignorance is just not right.

In another case, a man with three children suffered serious mental health problems that prevented him from dealing with his affairs during the months when his annual return should have been made. As a consequence, the deadline passed and he and his family were required to repay more than £4,000, the moneys received during the first nine months of the year. The Minister may well tell me that HMRC has discretion to accept exceptional reasons for failing to submit an annual declaration on time. How often is such discretion exercised? The case worker in my office, Andrea Samuelson, who deals with such matters has made it clear to me that discretion has never been exercised in any case that we have dealt with. It is as bad as that, and the experience of the colleagues to whom I have spoken is much the same.

The ombudsman's 2007 report criticises that failure to exercise discretion, saying that continuing to deny reinstatement would

"be far too harsh a penalty for the delay, work entirely against the policy objectives of the scheme and unnecessarily cause customers avoidable distress and hardship."

In the particular case that I mentioned, HMRC says that it is unprepared to exercise discretion, as the man's wife was capable of dealing with the paperwork. That may be true, but at the time she was supporting the family and, as her husband had always dealt with household money issues, she did not act on the letters received.

I fully appreciate why awards need to be finalised and that, for reasons of efficiency, a cut-off date is necessary. If accurate information regarding income is not received in good time, there is clearly a risk that the wrong payments will be made and an overpayment will occur. Of course, I acknowledge that if someone is not entitled to a payment received, they should be asked to repay it, but that is not the issue. I am talking about people who are entitled to the payments that they receive, but who through administrative failure, on their part or the part of others, are penalised in the way that I have described. To plunge deliberately such families into poverty is not just an administrative failing, but something of which we should be ashamed.

The Financial Secretary to the Treasury (Mr. Stephen Timms): I am listening with great interest to my hon. Friend's compelling case. Is he arguing that if someone forgets to complete their renewal form, there should be no penalty or a smaller penalty? Where should that be set?

Michael Jabez Foster: I am not suggesting that there should be no penalty for a failure to complete a return on time. The Tax Credit Act 2002 provides for the ability to fine or impose penalties for late returns. Indeed, under income tax legislation, late returns result in a penalty—£100 or £200, I think—which is absolutely right. However, late income tax returns, for example, do not result in the draconian measures such as those arising from late tax credits forms. Late income tax returns do not deny the opportunity for a tax rebate, which still follows when the application is submitted, however late—up to six years, I believe, which is very generous. Those applications are dealt with according to the facts and on merit.

I can think of no other part of the tax system that imposes penalties as draconian as the loss of one's entire benefit, as does the tax credit system. Given its purpose, the ombudsman is quite right when she said that to deny reinstatement causes

"far too harsh a penalty for the delay, works entirely against the policy objectives of the scheme and unnecessarily causes customers avoidable distress and hardship".

I would like the whole system to be simplified and, indeed—this perhaps is not quite possible—credits to be paid retrospectively. The number of families who do not make a claim through fear of overpayments is becoming more and more significant and certainly does not aid our common cause of reducing child poverty.

My proposal is simple: where a tax credit claim is terminated following a failure to finalise an award, there should be an independent appeals system whereby, if the claimant can prove their entitlement for that year at a later date, that which constitutes a genuine overpayment should be recovered, although perhaps with some penalty akin to the income tax arrangements. I am not suggesting that there should not be a penalty, but that the current one is disproportionate. We expect more of sometimes vulnerable families than of any other group in the tax system. We do not exercise that sort of draconian power against income or company tax payers or against those who fail to make their VAT returns on time. It is wholly disproportionate, and I want the Government to deal with it now. They have had long enough. There is no excuse or moral or legal reason it should not happen immediately.

4.43 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I congratulate my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) on securing this debate and on the customarily clear and cogent way in which he put his case. He was generous in his praise for tax credits, and I think that he is right to point out how many people benefit from them: more than 11,000 families and nearly 19,000 children in his constituency, as of April. They have done a very effective job in helping people into work and to move up the employment ladder. I heard his case for a more backward-looking system, which would indeed simplify the computation of allowable tax credits. The problem with that is that the system would become much less flexible. At the moment, one of the strengths of the system is that if, for example, someone suffers a fall in income during a financial year, the system can respond quite quickly. If it just looked at the previous year's income, that would not be possible. However, I understand his case.

Michael Jabez Foster: The most popular payment introduced by this Government is the winter fuel payment, because poor people benefit from large lumps of money. They do not spend their money weekly. Obviously they

[Michael Jabez Foster]

need the basic income and income support, or whatever, to get them through the week, but it is things such as the cost of shoes, fuel bills and other big payments that they need help with. Lumps of money from time to time aid poor people enormously—they seem to manage day to day on anything, but big retrospective payments would be a benefit, not a disadvantage.

Mr. Timms: I agree with my hon. Friend on the popularity of winter fuel payments, although tax credits are pretty popular too: take-up is very high. I understand the concern that some may have about not applying for tax credits because of the worry about overpayments, but actually, in 2005-06, take-up of the child tax credit was 82 per cent., with more than 90 per cent. of the money available being claimed. Take-up among those with incomes of less than £10,000 a year is now 96 per cent., up from 93 per cent. in the first year of tax credits. Those figures are encouraging and partly reflect the fact that the service has become considerably better since the initial problems, which undoubtedly there were—I readily acknowledge that there were serious problems in the early days, but there have been considerable improvements since. In many respects, Her Majesty's Revenue and Customs is now providing a good service, although I entirely accept that there is room for further improvement. I am determined to ensure that we do improve it further, as I have made clear during my couple of weeks in my current role so far. We are certainly seeing fewer overpayments caused by IT or administrative error, and accuracy in processing and calculating awards has risen substantially. I very much hope that through the tax credits transformation programme, which started in 2006, we will see substantial further improvements still.

My hon. Friend made a number of very important points about overpayments. End-year adjustments leading to an overpayment fell significantly in 2006-07 to £1 billion, as a result of the successful implementation of a package of measures to improve tax credits administration announced at the 2005 pre-Budget report. They are now less than half the level of the first year of the system and constitute just 5 per cent. of gross spending on tax credits, which is better than we projected in the 2005 pre-Budget report when we anticipated that overpayments would fall by about a third—in fact the fall has been about 40 per cent.

The number of families affected by overpayments is down significantly from 1.9 million to 1.3 million, and the average overpayment is down. But I agree that that is no grounds for complacency, so in May we published "Tax Credits: improving delivery and choice", which was a discussion paper showing the Government's commitment to ensuring that the system is working for families. It explored proposals to improve choice and certainty for tax credits customers, as part of a strategy of encouraging customers to take more control of their tax credits awards. My hon. Friend argued for simplicity. One of the themes of the document, particularly on support for child care, was about how the system could be simplified while still meeting its objectives. We received very good input to that exercise from advice organisations, and this debate gives me the chance to put on the record my thanks to those organisations for the effort that they put into responding to that consultation.

HMRC's policy on recovering overpayments is set out in its code of practice 26—"What happens if we have paid you too much tax credit?"—which was significantly amended at the start of this year. Previously the policy was that an overpayment was written off if there was an official error and it was reasonable for the customer to believe that their award was correct. The reasonable belief test caused a good deal of concern particularly because people's perception of what is "reasonable" can vary widely. My hon. Friend has raised a number of issues about that since the introduction of the system.

At the end of January, we replaced the belief test in code of practice 26 with a clearer test setting out the responsibilities of HMRC and customers to check factual information. In effect, that is a contract of responsibility. It builds on the existing practice of giving people responsibility for checking the factual information. HMRC plays back to them in the award notice information such as how many children they have and what their income is. People are expected to check that that information is correct and that the amount that goes into their bank account matches the award notice. There is no expectation that people will know the formula and I sympathise with the points that my hon. Friend made about that. As before, they will not be expected to check the calculation. However, if there is an official error and customers meet their responsibilities, the overpayment should be written off.

The new code of practice goes further. HMRC now has a time limit of 30 days to process reported changes of circumstances. In addition, where HMRC makes an error any overpayment will be remitted if the customer reports the error within 30 days of receiving the award notice. HMRC will also remit all overpayments arising following a report from a customer of an error by HMRC. The changes will create a fairer balance of responsibilities between individuals and HMRC. I hope that that will allow us to make significant progress in bearing down on the scale of the problems caused by overpayments.

The early-day motion put down by my hon. Friend aimed to question the way in which HMRC recovers overpayments when a customer has not renewed their application. I will give some background on this issue. Tax credits are claimed annually. The renewals process serves two purposes. First, it finalises the award for the previous year. Secondly, as he said, it acts as a claim for the current year. While the claim is being renewed, HMRC will pay provisional payments based on the previous year. In the absence of a claim, the award is ended and provisional payments become repayable.

My hon. Friend believes that overpayments should not be recovered when the person has failed to make a claim in time but would have been eligible had they done so. There is a problem with that, which was the reason for my intervention. There are deadlines for good reasons and I do not think that anyone, including my hon. Friend, can say that those do not matter. The longer that families are on provisional payments the more likely they are to have their current award based on out-of-date information. We have shortened the deadline by two months. As a result, just after the end of July this year around 2 million fewer people were on provisional payments than three years ago. That has helped.

HMRC must put out a strong message that deadlines are important and that people must get the information in on time. HMRC makes every effort to get people to renew on time, including an extensive campaign of radio and television advertising. As part of the tax credits transformation programme that I mentioned, HMRC has proactively contacted 85,000 of the most vulnerable customers either early on in the renewal process or if they had not renewed by the deadline. HMRC offered help by renewing awards immediately over the phone where possible or, if they had already been renewed, checking that the renewal had been processed to encourage timely renewal in the following year. As a result of that exercise, more than 10,000 claims were renewed immediately over the phone and more than 20,000 claimants agreed to call back on a special number. More than 20,000 claims had already been renewed by the time HMRC had spoken to the claimants. Those figures indicate that that was a worthwhile exercise in ensuring that people got the information in.

If someone misses the end of July deadline, their payments will be stopped shortly afterwards. After that, HMRC allows customers 30 days to restore their award without any quibble. They can be allowed longer if they can demonstrate a good cause for their not renewing by the deadline. My hon. Friend asked how often that discretion has been exercised. Unfortunately I am not able to give that figure, although I understand the point that he has made. I can tell him that for this year's renewals round overall, HMRC has restored nearly 200,000 awards to date. I am not able to say how many of those were on the good cause basis, but nevertheless, a lot of rewards have been restored.

It was interesting to hear the two examples that my hon. Friend referred to in his speech. I have not seen the details of those cases before. If he passes the details to me, it would be interesting to look at whether the good cause basis should have applied in either case. I would be happy to check that.

If someone has not restored their award and they make a new claim, that can be backdated by up to three months. HMRC has no interest in forcing people into hardship. We want to strike the right balance between a payment plan that can be met without undue hardship and the recovery of overpayments. There are well established processes in place to do that, including for those whose awards have been terminated, using 12-month instalment plans with longer repayment periods where necessary. The code of practice on recovering overpayments makes it clear that exceptional circumstances will be taken into account.

Michael Jabez Foster: My right hon. Friend talks about the good cause basis. The section on the definition of good cause on the website states that more internal guidance on what constitutes a good cause exists. However, the Library tells me that it is protected by the Freedom of Information Act 2000 so it is not actually available. I am not talking about overpayments, but about people who would have been entitled to tax credits had they filled in the form. In his last moments, will he say why income tax payers are not dealt with in the same draconian way? Is it because there are more of them?

Mr. Timms: My hon. Friend is right to continue to press me on that point. I am well aware of the strength of feeling shown by those who have signed the early-day motion and in other representations that have been made. The issue that he raises on the impact of the policy is similar to a separate issue that has been raised with me about notional entitlement. I do not know if he has come across that. It is similar in that there is a change of circumstances and people's tax credits change, but they do not notify anybody of that change of circumstances. That has been raised by the advisory group that works with us on this matter. I am looking at that and I will look at the matter that my hon. Friend has raised as I do so.

It is important that we underline the need for people to complete the forms and respond promptly. If they do not, great difficulty is caused to HMRC and in due course to the individuals themselves.

In my last couple minutes, I will pick up on a couple of other points that my hon. Friend made. There is already an appeals process. If people think that their entitlement is wrong, they can appeal to the tribunals service, which is independent. There is no statutory right of appeal against a decision to recover an overpayment where there is no argument about the level of entitlement. However, HMRC suspends recovery of an overpayment when a customer disputes an overpayment or appeals against the decision that identified an overpayment. When a customer is unhappy with the decision of HMRC to seek recovery of an overpayment, they can ask the adjudicator or the ombudsman, who are both independent, to review it.

I will look at the point that my hon. Friend has just made about the Freedom of Information Act. That is a new one on me. If he sends me the details of the two cases, I will ensure that they are checked to see whether the good cause discretion should have been exercised.

The sitting having continued for two and a half hours after half-past Two o'clock, it was adjourned without Question put.

Adjourned at Five o'clock.

Westminster Hall

Thursday 23 October 2008

[MISS ANNE BEGG *in the Chair*]

House of Commons Commission

[Relevant document: 30th Annual Report of the House of Commons Commission, HC 710.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Chris Mole.]*

2.30 pm

Nick Harvey (North Devon): It is a pleasure to introduce the 30th annual report of the House of Commons Commission, published in early July and covering the financial year from April 2007 to March 2008. It marks 30 years since the passage of the House of Commons (Administration) Act 1978. Only 22 Members of the current House were here then, and I doubt whether even they can remember a time when the House did not manage its own affairs. A decade earlier, Richard Crossman, as Leader of the House, recorded in his diary having to go with a begging bowl to the Treasury to appeal for a couple of extra Clerks. Since then, responsibility for the parliamentary budget and managing its own affairs have been regarded internationally as signs of a proper arm's length relationship between legislature and Executive, but that is not an easy task, as the Commission's annual report makes clear. Indeed, the report shows just how complex the task is.

My hope for the debate is that it will provide an opportunity for the Commission to hear what hon. Members think about the running of the House. In my introductory remarks, I shall say a little about the reorganisation of the House service since the Tebbit report, the impact of the various freedom of information cases and the review of Members' allowances on the Department of Resources, the PICT—Parliamentary Information and Communication Technology—health check, the mechanical and engineering works feasibility study and the major works that lie ahead of us, and the new visitors entrance on Cromwell Green.

Simon Hughes (North Southwark and Bermondsey) (LD): I do not intend to interrupt my hon. Friend again, and I am grateful for what he and his colleagues do. I just want to place it on the record that although he is right to remind us that 30 years ago we took control of our own affairs, there is one remaining matter, certainly in the Commons, which I raised with the Deputy Leader of the House this morning. The Commons does not yet organise its own business. That is in the Government's hands, but some of us hope that the decision taken 30 years ago, although not my hon. Friend's responsibility, can be extended so that we manage not only our own estate, but our own business.

Nick Harvey: I am grateful to my hon. Friend. I would not for one moment disagree with what he says, but I think that the matter that he raises lies within the responsibility of the Procedure Committee, rather than the House of Commons Commission. No doubt he will pursue it there in due course.

There have probably been greater changes in the internal organisation of the House service in 2007-08 than there have been in any other year since 1978 or possibly even further back. Pages 15 to 17 of the report set out clearly the main events. Two years ago in the equivalent debate, I announced the Commission's intention to appoint Sir Kevin Tebbit to review the management and services of the House. This time last year, the Commission had just received his report and was about to start putting it into effect. Tebbit noted that

"the way in which Members work has itself been changing, notably in the extent of their involvement in constituency issues and in other forms of interaction with the public. These put new demands on the House Service."

He concluded:

"To the extent that we have criticisms, they arise largely as a result of the federal nature of the House Service—seven semi-autonomous Departments. It would be beneficial, in our view, for the capacity which exists to be brought together and directed more corporately to achieve higher levels of performance and efficiency."

Last year, I said that the Commission would focus on implementing the Tebbit recommendations that were

"most significant to the delivery of services to Members."—*[Official Report, Westminster Hall,* 18 October 2007; Vol. 464, c. 317WH.]

The start of January 2008 saw the six House Departments reorganised into four. We have also seen the passage of the Parliament (Joint Departments) Act 2007 to put PICT on a proper legal footing as a joint Department for both Houses.

The vision for the House service now is:

"To create a unified parliamentary service which provides first class advisory, executive and support facilities to the House, its Members and the public whilst maintaining a world heritage site".

A clear example of the House service operating in a more joined-up way is the new Members Centre in Portcullis House, which opened in July. That provides a single point at which hon. Members can seek advice and information on allowances, IT, research and facilities. I hope that hon. Members who have not yet visited it will do so.

Alongside the organisational changes, the House has recruited from outside John Borley to the new post of director general of the Department of Facilities and Mel Barlex as director of the parliamentary estates directorate. I shall return later to the subject of buildings and works.

I do not want to stray beyond the scope of the debate on the Commission's annual report into the realms of the Members Estimate Committee, but I would like to refer to that Committee's report, which had a big impact on the administration of the House. Many of those in the Room know only too well that the Commission has a dual identity and meets also as the Members Estimate Committee. The House service supports the payment and record keeping for expenditure on that estimate. In the past year, freedom of information requests and the review of allowances have put enormous pressure on the Department of Resources in particular. Additional staff may yet be needed in that area. The Commission appreciates that and will keep that need for resources under consideration. I thank the staff in the Department of Resources, particularly Terry Bird, the director of operations, for all the assistance that he has given us during the past few months in this work.

[Nick Harvey]

Let me move on to information and communications technology. We have seen the creation of PICT, a joint Department serving both the Commons and the Lords, and we saw the passage of an Act about the organisation of Parliament itself, which is quite rare—it happens only every 15 years or so. In previous debates, a number of hon. Members have raised IT issues, and the Administration Committee reported on that subject last year. In accordance with recommendations from the Tebbit review, PICT was put through an external health check conducted by the Cabinet Office. The health check notes how much has been achieved since PICT was formed nearly three years ago. However, it also says that more progress is needed and recommends that projects be subject to clear business ownership and direction and that the effectiveness of individual relationships and governance arrangements be reviewed regularly.

The Commission accepted the recommendations from the Administration Committee. We continue to value that Committee's continual scrutiny of the service. PICT will come back to the Administration Committee and the Commission on service provision in constituency offices.

Mr. David Drew (Stroud) (Lab/Co-op): In many respects, I am very complimentary about what has been done, because the system has improved dramatically—it had to improve dramatically—but I am really looking to the future. I would like to raise another IT-related issue, which perhaps I will be able to intervene on later, but my main concern at the moment is the capacity of the system. Given the number of people gaining access to it, which seems to grow exponentially, the system is sometimes quite slow, even on the Westminster site.

Will the hon. Member for North Devon (Nick Harvey) comment on what testing has been and will be undertaken to see how robust the system is? I ask that because without the IT system, an MP cannot function. Some of us might regret that that is the case, but the reality is that if the system is down for even a matter of hours, it can sometimes lead to disarray.

Nick Harvey: I am grateful to the hon. Gentleman for his observation that PICT has improved dramatically. I believe that he is right. I recognise entirely that there are times when the service is slower than we would like, but I sincerely believe that those occasions are now fewer and further between. The hon. Gentleman nevertheless makes a good point about the number of people using the system, and the capacity issues that have resulted, and I shall flag those up with PICT to ensure that they are central to its thinking. However, I say with some confidence that the resilience of the system is something that PICT takes seriously. It is very much part of its brief that it should get ahead of the game and that the two Houses of Parliament should avail themselves of the latest developments in ICT and not drag behind them. I shall flag up those points with PICT and ensure that they are part of its thinking.

I was speaking about the parliamentary estate. As I have said, the new vision statement for the House service talks about supporting the operation of the House while maintaining a world heritage site. Hon. Members may be aware that last week I answered a parliamentary question about the feasibility study for the mechanical and electrical project. I said:

"Much of the mechanical and electrical system within the Palace of Westminster has now exceeded its economic service life and major modernisation work is urgently required. It is becoming increasingly difficult to manage the existing services and to replace, repair or extend them as required in an efficient and effective manner and there is a growing risk that breakdown in essential services could not be quickly repaired. The complete project will take many years and involve considerable cost. The Commission is concerned to ensure that the mechanical and electrical modernisation is carried out in the most economical way consistent with enabling the House to operate properly."

Normal practice, as Members know, is that major works are undertaken in the Palace of Westminster only during the summer recess, but so huge and extensive is the scale of the work planned that we believe that a range of options should be carefully and seriously considered. My answer continued:

"The Commission (working with the responsible bodies in the Lords) are therefore ordering a detailed feasibility study to examine whether substantial savings in cost, time and risk could be made by moving some operations of both Houses out of the Palace for a period to enable modernisation to be carried out continuously until its completion." [*Official Report*, 15 October 2008; Vol. 480, c. 1254W.]

Mr. Gordon Prentice (Pendle) (Lab): The hon. Gentleman may intend to speak about this subject, but I have always believed that we should locate Parliament out of London—perhaps in York or similar places. Are we to have a vote on how long the move will last, and what the preferred location will be? I have here a BBC report saying that the cost of the work could be a staggering £350 million. Will the hon. Gentleman confirm or deny that? What representations are we making to the Treasury to ensure that the costs will be fully underwritten?

Nick Harvey: I shall take the hon. Gentleman's first and last points together. This is a sovereign House, and it is in a position to debate anything it sees fit to debate, and to raise the necessary funds to do what it needs to do. It is not possible at this stage to say with any certainty what the cost will be. That is one of the factors that the feasibility study to which I referred will need to explore; and it will need to come back to the House with a clear explanation of the cost implications of doing the work continuously in one go rather than interspersing it over the summer recess, perhaps—who knows?—for 20 or 25 years.

As for other locations and how long such a decamping might last, those are exactly the sorts of things that the feasibility study will consider. It is not possible at this stage to pre-empt that exercise and to anticipate the sort of conclusions that it might reach. However, when we receive the information, we will certainly share it with those Members who wish to know, so that everyone has a clear understanding of what we are doing and what factors led to those conclusions, and so everyone can see the logic involved.

I emphasise that the House will be asked to move out of the main building if that option significantly reduces the cost, the time and above all the risk. Staying here and trying to do it over a succession of summer recesses is not an easy, low-risk option. Much of the mechanical and engineering infrastructure dates back to the late 1940s. It is perhaps already 30 or 40 years beyond its

proper life expectancy. There is a real danger that if anything should go fundamentally wrong we would not be able to repair it in a timely fashion in order to allow the House to continue going about its business. One of the factors that the feasibility study will obviously have to consider is the risk entailed in choosing to do the work slowly rather than in pressing ahead and doing it more quickly.

The mechanical and electrical works comprise all the support systems that enable us to work in the building. They include hot and cold water systems, steam, mains cold-water incoming services, fire mains, gas, compressed air, vacuum, electrical power, lighting, building management systems, communications, security, fire detection, voice alarms, air conditioning, mechanical ventilation, refrigeration, chilled water services and drainage. We are talking about the complete works, and it is all in need of renovation.

It is a major project. I cannot anticipate how much it will cost, but it will be hundreds of millions of pounds. It will be a serious challenge for the House to seek funding for that at a time of economic restraint; and it is essential throughout any such operation that we maintain an effective Parliament. It will be a huge endeavour for the Commission, for the Committees of the House and for all the staff of the House services.

One major works project that has caused the Commission concern over the past year is directly behind you, Miss Begg—the new visitor entrance on Cromwell Green. It is now open and working reasonably well, but as Members know it was late and over budget. The Commission received regular reports late in 2006, when it became apparent that the project was slipping. The appointment of a recovery project manager brought things under control and enabled the entrance to open in April this year. The Commission was concerned about the project and was determined to see a robust "lessons learned" review.

I set out the main conclusions of that review in a written answer on 14 July:

> "The repeatedly escalating costs and continued slippages in this project have raised serious questions about project management competences in the House service. A number of key steps have already been taken. As part of a reorganisation following the review by Sir Kevin Tebbit it was decided to create a reunified Parliamentary Estates Directorate and recruit senior managers with appropriate skills. The Directorate is now under the direct responsibility of a Director General of Facilities. As part of their recruitment, both new postholders have been required to demonstrate competence, and personal track records of delivery, in the areas of estates and works matters. Further improvements relating to transparency and control of projects are underway, and these will take account of recommendations for future practice from the Post-Project Review." [*Official Report*, 22 July 2008; Vol. 479, c. 984W.]

It is essential that we learn the lessons from a project of that scale before embarking upon the huge project that I have described. With the mechanical and engineering works involved, that is clearly on another scale altogether.

One works project completed during the past year, which does not seem to have been criticised in the media, was the £8 million spent on refurbishing the Press Gallery and creating the new Moncrieff's refreshment area.

This year, I have answered questions on a wide range of issues, including food allergies, the new pass system, bottled water—several times—child care, the new visitor entrance, escalators and carbon offset. That shows the range of services needed to support a modern Parliament. The Commission's task of administering the House has never been more complex, but with the commitment of the House staff, I am confident that we will tackle the major tasks ahead.

I should like to end on a note of thanks to our staff—

Several hon. Members *rose*—

Nick Harvey: Perhaps hon. Members are saying, "Not so fast".

Mr. Prentice: There has been a great deal of comment in the press about asbestos in the parliamentary estate. I am not entirely sure where we are on the matter, so will the hon. Gentleman enlighten us?

Nick Harvey: The hon. Gentleman is right. Asbestos remains a problem that has the potential to complicate the large project of mechanical and engineering works that I have been describing. It is taken very seriously by the new appointees to whom I have referred, and we will be doing everything that we can do responsibly to sort out lingering asbestos problems, on the basis of whatever technical advice we receive. The potential of asbestos to complicate the anticipated works is not to be underestimated and it will have to be factored in as the project is designed.

Mr. Drew: I have one specific inquiry on parliamentary questions, to which the hon. Gentleman has not referred. I know that they are not necessarily his responsibility, although he does have to answer the odd one. One source of angst among MPs is that sometimes when we table an accepted parliamentary question, it seems to disappear into the ether. My record time between tabling a question and receiving an answer is 10 months, and even then the reply that I received told me that the answer could only be provided at disproportionate cost. I hate to think why it took 10 months to find that out.

Would it be possible to produce a database that would keep a name-and-shame record? The database could include a record of legitimate parliamentary questions that go month after month without being answered. I accept that things occasionally go wrong, but I think it would help Departments if they could see that they have a number of questions that have been unanswered, say, for more than six months, which they ought to do something about. More particularly, it would allow Members, who sometimes table a lot of questions, to keep a record.

Miss Anne Begg (in the Chair): Order. I suggest that the hon. Gentleman make a speech, as his interventions have been somewhat long.

Nick Harvey: I cannot give an answer to the hon. Gentleman's question off the top of my head. Certainly, it cannot be technically difficult to maintain such a database, although I would be surprised if we do not, in effect, already do so. The greater question is who would follow up the unanswered questions within such a database. Perhaps it is a question of ensuring that there is wider access. I will investigate the matter and write to the hon. Gentleman about it.

[Nick Harvey]

I was concluding my remarks by thanking the staff of the House service. I would particularly like to put on record the Commission's thanks to Andrew Kennon, who has served as our Clerk for the past couple of years. He has had an eventful time in that post, and we are particularly grateful to him for going the extra mile on so many occasions—there have been an astonishing array of headaches for him to contend with. Even when he has been away from this place on holiday, he has not been beyond the reach of mobile phones disturbing him and causing him to re-engage with parliamentary matters at times when I am sure he did not want to. He has been a very good Clerk to the Commission and we are grateful to him and all the staff in his office who help out, and to Louise Sargent, who processes the various questions that are tabled to the Commission. We wish Andrew Kennon every success in his new post at the Journal Office.

2.54 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): It is always a pleasure to follow the hon. Member for North Devon (Nick Harvey). Broadly speaking, the Conservatives welcome the report—the content tells us that it has been a busy year. Many of the points that I would have liked to make have already been covered by the hon. Gentleman, so I do not intend to detain the Chamber for long. I may simply refer to what he said, or make an additional point here and there on other issues.

I begin by thanking everyone responsible for the form of the report. It is a substantial piece of work and much effort has gone into its production. I thank Mr. Speaker; the Leader of the House; the shadow Leader of the House, my right hon. Friend the Member for Maidenhead (Mrs. May); the hon. Member for North Devon; and the other members of the Commission for their contributions. While I am thanking people, I also thank the hon. Member for North Devon for so frequently fielding questions on this subject—sometimes hostile, usually friendly—in the Commons. I also give a big "thank you" to everyone on the estate who makes MPs' jobs that much easier in all that we do. The list is endless, but I include security, catering, cleaning, admin and Library staff, and a host of others.

All hon. Members hear their colleagues muttering about how the House is run, so it is a little disappointing that those people decide not to comment today when they have the opportunity to do so. I will try to remember some of their comments when I can, but their non-attendance is regrettable. I hope that that is noted.

I heard what was said on refurbishment. Clearly, it will need to be kept in check. I understand that some 500 miles of cables, pipes and so on need to be replaced, and that the renovation works will be the largest since 1947. This is a massive undertaking that will require enormous planning. Given that the process of government must continue during such a long period of refurbishment, we all look forward to seeing the feasibility report when it is eventually produced. As has been mentioned, I look forward to contributing to the process and inviting other hon. Members and colleagues to have their say. I include staff in that, because it will very much be a joint enterprise—we have to work together, and the opinions of all concerned, not only Members, will be required.

I welcome the continued efforts of the House authorities to improve the support services that we use in all that we do, particularly the one-stop shop in Portcullis House. It is interesting that many more people tend to go there nowadays than in its early days, although I suspect that one reason why people do not use it as much as they could is habit—some are used to picking up the phone or going to No. 7 Millbank to have a chat. However, it is a gradual process and things are improving.

The new joint IT department, which was formed last year, is doing well, and no doubt the Commission is looking at other things on which both Houses can work productively together and ensure that there are economies of scale without impacting on the quality of service. Before I start getting letters from trade unionists, I hasten to add that if there is any talk of further co-operation between the two Houses, it is taken as read that all concerned will be consulted, including trade unionists, who will no doubt get a say on things on behalf of their members.

I was pleased to see in the report that the catering and retail service achieved a five-star food hygiene rating from Westminster city council, for both front and back-of-house areas. On catering, may I venture to proffer a bit of advice on something that is often mentioned by colleagues and their staff who use the Debate restaurant in Portcullis House? It is one thing that I wish some hon. Members had come here to voice their concerns on.

The restaurant has a pricing system whereby people are charged not on what they want to eat, but on the pricing of set meals. If there is a set meal for chicken and rice and a set meal for fish and chips, someone who wishes to have fish and rice is penalised because they have to pay for two main meals. The Debate restaurant is the only place that I know in which one cannot buy what one wants and just pay for that particular item.

May I suggest that we investigate the matter? I understand that, in the scheme of things, that is not as big an issue as refurbishment, but I am simply passing on the message that is regularly brought to my attention by hon. Members and, more importantly, by their staff. It is the staff who use that facility most.

Mr. Prentice: The hon. Gentleman is obviously very interested in catering matters. Does he share my concern that the viability of catering facilities for hon. Members—I am thinking about the Dining Room—is questionable? When I go into the Dining Room on a Wednesday evening, very few hon. Members are there. It is busy on Mondays and Tuesdays, but it can be a desert on Wednesdays. Has he any figures on the amount of money that is required to subsidise hon. Members dining in the old building?

Mr. Vara: Being a mere shadow Minister, I have no access to such figures, and as far as I am aware they were not in the report, but perhaps picking one weekday evening is being somewhat selective. Certainly, hon. Members eat breakfast in the Dining Room. Those who live in very distant constituencies use the catering facilities regularly, whether it be Wednesday evening or Friday morning. We need to consider the catering facilities as part of an overall picture, rather than considering who is eating there on a Wednesday evening. None the less, I hear what has been said, and no doubt those concerned will have taken the matter on board.

I note that the report comments that of those members of staff who took the trouble to answer the questions about diversity and background, some 22.1 per cent. were from the non-white community. I am pleased to see that the Management Board has taken note of the fact that the vast majority of that 22.1 per cent are in the lower-paid areas. I hope that the Board will continue to monitor the situation and seek to improve it, rather than just saying that it is concerned about it.

I am not in any way suggesting that we should have positive discrimination. I am first in line against such discrimination, but given that FTSE 100 companies have non-white board members, I hope that the quality and talent of such people can also be utilised in running the House of Commons.

Public engagement is another vital area with which the House authorities are concerned, particularly given the very low standing that politics has with the public at the moment. The Visitor Centre is proving a great success, although it is a shame that its design means that many people still have to queue in the wet when it rains.

I am pleased to see that last year's comments about the parliamentary website have been taken on board and that there has been a substantial improvement, particularly with regard to the interactive virtual tours. I hope that the situation will be monitored, because there is still room for improvement of navigation and search facilities.

I believe that we are all of one mind when we welcome the smooth transition to the new security passes, and I think that we are all in favour of having the additional photograph of visitors on temporary passes, which can only help in the current uncertain climate.

May I also welcome the fact that last year was the first full financial year in which all electricity used on the parliamentary estate came from renewable sources? I support the ongoing efforts to improve recycling rates and welcome the introduction of biodegradable biothene bags to be used for souvenir and bookshop items, rather than the standard plastic bag. That shows the House of Commons authorities leading by example.

I looked back to see what I said in last year's debate on this subject. I suggested that the House authorities should consider introducing a greener procurement agenda for those who supply goods, services and materials to the House. I suspect that that matter is still under consideration. If I were dealing with the Government, I would say that it has probably been ignored, but given that the House authorities are more neutral in their dealings, I hope that it will continue to be reviewed.

I am nearing my conclusion. I simply want to say that it is good to see that some of the Modernisation Committee's recommendations have been taken on board, particularly with regard to Public Bill Committees and additional research papers following the consideration in Committee of major Bills.

I also extend my thanks to the Table Office for the additional work it has taken on with regard to the topical questions and all the procedures and ballots that are involved. I welcome the fact that hon. Members now have access to their speeches by e-mail before publication.

In conclusion, I reiterate my thanks to all those concerned and simply say, "Keep up the good work because there is a lot of it to be done."

3.6 pm

The Deputy Leader of the House of Commons (Chris Bryant): I, too, congratulate the members of the Commission and all those who work for it. In particular, I thank the Secretary of the Commission, Mr. Kennon. Before he took the job, he had dark hair; it has now gone grey. I merely note that the hon. Member for North Devon (Nick Harvey) used to have a full head of hair and is now going slightly bald. The shadow Deputy Leader of the House is follicularly challenged as well. May I suggest that the hon. Member for North Southwark and Bermondsey (Simon Hughes) is going the same way? I am not sure what happens to ginger Members of the House when pressures mount.

I am sure that the House will do all it can to ensure that the hon. Member for North-West Cambridgeshire (Mr. Vara) can have fish and rice, although it seems somewhat un-British not to have fish and chips.

Mr. Vara: It might be a small point, but I want to put it on record that I was simply articulating the views of various colleagues and their staff and that it was not my personal view.

Chris Bryant: I am troubled about this only because my father's best man was called Mr. Thomas. Anyone who goes into any fine fish and chip shop will see that Preston and Thomas is the greatest manufacturer of fish and chip shop fryers, and I do not want his business to be harmed by our rowing back on fish and chips.

I congratulate the hon. Member for North Devon and all the members of the Commission on the excellent report that outlines a landmark year in the history of the House of Commons service. I particularly liked the fact that this year's report has photographs of many of the people who work in the House. I do not mean Members of Parliament or peers, but people who do the really hard graft, ensuring that we are able to do our job. My favourite photograph is of Gladys Dickson from the Members' Tea Room. All the hon. Members will concur when I say that she is one of the people who definitely lightens our day, and I know that she does a great deal of work in her own community outside this House. We should always pay tribute to those who make this building work when we are merely swanning around.

The Commission's work is vital. We must ensure that we have an efficient House that provides value for money for the taxpayer; that we have effective management, so that everyone who works for the House can do their job effectively and enjoyably and feel that they have a full share in the team, because that is the way the building works; that we have a transparent organisation, so that the public know what we are doing and can be assured that they are getting value for money; and that this is a secure working environment for everyone—of all the buildings in the world, this one probably has the tightest security. All of that must happen in the context of protecting the reputation of the House. If its reputation falls, the business of politics—seeking to achieve democratic ends for our constituents—can only be undermined.

In the past few years there have been significant reforms of the way in which the House manages its affairs. The reforms carried out in response to the Tebbit report could be the most significant changes to

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the service in living memory. Although Sir Kevin's recommendations have been implemented quickly and effectively, they draw on previous recommendations for incremental reform, which began with a review in 1990 by Sir Robin Ibbs and were continued in 1999 and 2000 by Michael Braithwaite. The creation of four new departments, in place of the previous six, and the establishment of a smaller management board with a more corporate outlook will lead to the provision of services that are more focused on the changing and increasingly complex needs of Members.

I am, however, reminded of the first debate in which I spoke in the House, on the Ofcom paving Bill, which reduced the six bodies that looked into broadcasting to one. The Whips persuaded me to take part because no one else was going to. I said that I thought that that would be more consistent and coherent and added that, to use a valleys word—as in the south Wales valleys—it would be "tidy", which also applies precisely to the present case. Unfortunately, *Hansard* recorded me as saying "To use a valet's word, it will be 'tidy'." I see how *Hansard* got there; valets do tidy up—but we do not have many valets in the valleys. I hope that *Hansard* got all my uses today of "valley" and "valet".

The role of a Member of Parliament has changed dramatically in recent years. The balance today between constituency work, legislation and scrutiny of Government is completely different from the work of, say, Stafford Cripps in the 1940s; if he ever visited his constituency—perhaps once a year—a brass band would turn out to welcome him, and when he left two days later he would be sent home with a spring in his step and the Bishop of Bristol to accompany him. None of that happens today, because the job has changed completely. Recent research by the Hansard Society found that Members elected for the first time in 2005 spend about half their time on constituency work, so changes in the working practices of the House, improvements to staffing and office resources and the availability of information technology have changed the way in which we work, as have our constituents' expectations of what we can do for them. It is vital that we do not shy away from that, but we must make sure that Members of Parliament can do that other vital part of their job: scrutinising the Government and ensuring that the legislation that goes through the House is the best legislation, the right legislation and legislation that will stand the test of time.

Mr. Prentice: I am looking at the statistics for the House of Commons Library. Is not the productivity of the staff remarkable? For research papers on major Bills, published before Second Reading, the figure was 100 per cent. this year, last year and the year before, and so it goes on. This year's figures, against the target of delivering 97 per cent. of Members' inquiries with a deadline, and 98 per cent. of those without a deadline, are staggering. We should congratulate the staff.

Chris Bryant: My hon. Friend is right, as he sometimes is. The truth is that we all owe an enormous debt of gratitude to those who work in the Library. I have always found them exemplary in seeking to meet whatever timetable I have set, which is a remarkable feat. They are always intelligent, on time, and precise. In some regards we have helped them with that, because the pre-legislative scrutiny process that we have introduced enables them to gain a more coherent view throughout the legislative process.

The way in which we engage with the public is an area of the Commission's work to which individual Members attach great importance: the survey of services conducted by the Commission found that of the three core objectives it was the one that hon. Members thought needed most attention. It is a question not only of how we carry out the aspects of our work that are intended primarily to reach out to the wider public—welcoming visitors, providing educational services to schools and maintaining a first-rate website, which are all important in their own right—but of ensuring that the issue of public engagement permeates all that we do. If Parliament is incomprehensible to the wider public we have failed in the job we are trying to do. Long gone are the days when just issuing a statement in Parliament, making a speech or for that matter legislating was enough to transform society. We have to be able to take society with us if we want to enhance legislation.

When I was first elected I became aware of how incomprehensible Parliament and politics could be to the public. I was so excited that I had been elected that I wrote to the Minister for Europe informing him that I spoke Spanish and French and would be only too happy to help if I could offer any assistance—very puppy dog-like. The Minister's office rang back saying that he would be delighted to see me for tea. That evening I went home, very excited, and told my partner, "I'm going to see the Minister for tea." He replied, "There's a Minister for Tea?" Sometimes Parliament is not quite as incomprehensible as it seems but there is a process that we need to go through to make the drama of politics here as readily understandable to as many members of the public as possible.

Some procedural reforms, such as the introduction of evidence-taking Public Bill Committees, bringing the sitting hours of the House more closely into line with working patterns in the outside world, and the introduction of topical questions and debates have contributed to making the House more accessible and relevant. One area in which I should still like us to do more work is in bringing the work of Committees more into the public domain. Some of the best debates—the sharpest and clearest examinations of legislation—happen not in the House but in Committee. Journalists often miss that; if we can find ways to bring that process more clearly into the public domain we should do so.

I hope that the House will soon have an opportunity to consider the Procedure Committee's proposals on e-petitions—another procedural innovation that would make it easier for us to engage with the wider public. The hon. Member for North Devon has already set out some of the Commission's key achievements in that context, but the Group on Information for the Public, led by the Director General of Information Services, has led the work on three fronts: first, and very importantly, welcoming visitors to the House; secondly, education and outreach; and, thirdly, improving information on the internet. It is important that we provide a good service to people who visit this place, whether they have come to see Parliament in action or just to see the Palace as a historic building. The House's education and outreach work, and the use of the internet, will, I suspect, contribute most to the nurturing of the link between people and their Parliament.

There was an enormous increase this year in the number of young people who had the opportunity to come here as part of our educational visits programme. The number was up to 29,000 this year, compared with 17,000 in the previous year. I pay tribute to all those involved in the programme. The increase has been largely due to the introduction of the new educational visits programme, which allows us to welcome up to six groups of school or college students every day. It was much more limited in the past. However, I know from my constituency, which is both in a deprived area and at a considerable distance from Westminster, that for many schools there are practical difficulties to getting here in time, early enough in the day, and financial issues to be dealt with. The Administration Committee has recommended that the House offer some subsidy to offset the cost of travel and I very much look forward to seeing the outcome of the pilot project, which has already started. For those who cannot travel to Westminster, this year "Parliament in Your School" was launched. It provides teacher training and workshops in schools around the country.

The Tebbit review identified the parliamentary websites—there are in fact three of them, which may be an issue in itself—as the "key element" in developing stronger links between Parliament and the public. The main Parliament website has always been comprehensive—perhaps even too comprehensive. Almost every paper produced in this place finds its way on to the website in one form or another, but for many years it was simply an online collection of parliamentary papers, with little form or structure. For some time the accuracy of the search engine was only one in five or between one in five or one in four—about 22 per cent. It is a delight to see that accuracy has zoomed up to 86 per cent., but we still need to do more to make it easier for ordinary members of the public, who are not experts in parliamentary process or procedure, to find their way through the website. Incidentally, I think it would be useful for Members if the intranet were sometimes swifter in finding information so that we could find out earlier in the morning what was going on that day.

The look and feel of the website is much better. The front page contains more information about key events, and it is updated five times a day, although perhaps that needs to increase yet further. The new legislation gateways draw together all the information about each Bill in one place, which makes it easier to follow a single piece of legislation. Those improvements have been reflected in an increase in use of the website from 6.8 million hits in 2003-04 to 8.8 million last year.

Although we have made great progress, there is still a great deal more that could be done with the website. In particular, we still need to make it easier for the public to scrutinise their individual Members. For instance, we might find some way to make it possible—not just the next morning when *Hansard* is published, but perhaps later the same night—for people to see exactly how their Member of Parliament voted in a Division. That information is available to the House; we should find a way to make it available to the public.

Mr. Prentice: My Friend is familiar with the charity that runs the website TheyWorkForYou.com. It does not cover Members' work in Committee, for a technical reason that I have never fully understood. Why cannot the House authorities liaise with the people who design and run TheyWorkForYou to get that information on to the web? It currently gives a distorted impression of the contributions that Members make at Westminster.

Chris Bryant: I have had a couple of meetings with the people who run that website. My hon. Friend makes an important point. He may recall that when the site was originally set up, it listed Members in a hierarchy according to how often they had spoken, how many questions they had tabled and things like that: one, two, three, four, five, all the way down to 646. TheyWorkForYou learned pretty quickly that what that meant was that some hon. Members—I do not want to impugn individual Members' reasoning—were making interventions to keep their tally high. From my experience of my own speeches, a 58-minute speech is no better than a three-minute speech, and five interventions in a debate are normally no better than one.

I think that TheyWorkForYou has taken that on board, and I know that it is seeking a way to take on board other issues so that Members' effectiveness, efficiency and contributions are reflected fully. Every one of us contributes in a completely different way. I should be happy to meet TheyWorkForYou again.

We also need to do more to make the intranet easier for Members to use. I am intrigued by the number of former Ministers who have come up to me and said, "I have no idea how to table online. I've spent the last hour and a half on the intranet trying to work out how precisely to do it." We need to make it more intuitive.

The House service has continued to work to make the House greener, as the hon. Member for North-West Cambridgeshire said. This year, it succeeded for the first time in securing 100 per cent. of the House's electricity from sustainable sources. It is important that we do not underestimate the tremendous challenge of delivering modern energy efficiency standards in a mid-Victorian palace. On Mondays, it is often freezing cold, and then by Thursday afternoon, just in time for business questions, it is boiling hot. We all understand the problems with the building. When I went to visit the Clerk of Legislation earlier this afternoon in his eyrie above the roofs of the Palace, I was struck by how problematic the roof's state of disrepair is. It is rotting in vast areas, and we will have to address it soon. Historic underinvestment may prove our downfall, as the hon. Member for North Devon said.

I congratulate the staff of the House on their achievements this year. We have made significant strides forward. As I said, this place functions well only if the whole team—that includes everybody from the people who work in the gym to the catering department, the Vote Office, the Tea Room staff and the doorkeepers—can play their full part in a happy, effective and efficient working environment, and we try to achieve that.

There are big challenges ahead, not least of which are the building itself and making Parliament more comprehensible. Often, I feel that history hangs over us in this place. We are, after all, standing now between a statue of Cromwell and the place where Charles I was tried before his execution. I always think that we should embrace our history and be proud of it, but we should also learn from our historical mistakes so that we can reshape our future.

3.25 pm

Simon Hughes (North Southwark and Bermondsey) (LD): It is a pleasure to take part in this debate and to follow the hon. Member for North-West Cambridgeshire (Mr. Vara), the Deputy Leader of the House of Commons and my hon. Friend the Member for North Devon (Nick Harvey).

I start the thanks, which are no less meaningful for being formal, with a warm thank you to my hon. Friend the Member for North Devon for the diligent, friendly way and the lightness of touch with which he carries out his responsibilities to colleagues. As others have mentioned, he is sometimes in the firing line, which is understandable, although he is of course a volunteer, so one should not be overly sympathetic. He always seeks to answer questions, take up issues and ensure that Members are listened to respectfully and their points of view are taken into account. That is valuable.

The work of Malcolm Jack and his colleagues on the senior management team and that of the whole staff is hugely appreciated. We all know that, but it cannot be said too often. The report gave us the figures for last year: there were 1,696 full-time equivalent staff and about 2,700 staff in total, including full-time and part-time staff, looking after us. That is a huge army of people doing all sorts of different jobs. I share the view of colleagues that it was nice to see that breadth and diversity of activity reflected in the report.

I find the report fascinating. Anybody with any interest in our proceedings should read it. It is full of an enormous amount of interesting, accurate and up-to-date material, and it reflects the diversity of what we do extremely well. I commend it. I also commend it because it is printed on recycled paper—I checked at the back—so it passes the test, even though it is very good quality paper.

My new researcher, a keen, enthusiastic and mischievous individual called Tim Swain, pointed out that I should not be complimentary about the report in case people thought that I was being so kind only because my picture appears in it. He made this note to me when thinking of things that I might contribute:

"Point out your appearance on page 44. Note the irony that you appear to be attending IT training!"

Although not quite like former Ministers, I am, I hope, one of those who do not pretend any huge competence in the world of technology. I try to learn more all the time, and I did indeed go to IT training to pick up my PDA—my personal digital assistant, which is photographed there, which I now use and which works—and to ask one of the team to come in during the summer to upgrade my computer skills. I have never done anything formal in relation to computers; I have just struggled my way into working out how to do e-mail and the rest. As the Deputy Leader of the House said, every exercise in accessing new bits of kit is therefore a voyage of discovery.

Our system gets ever better. I have spoken to colleagues who look after the website. It is much better than it was, but there are occasions when I think that I am doing the right, quick and obvious thing to get hold of information about today's or the following day's business, and I cannot find it. If I cannot find it easily, others may struggle, and people who do not know our system may struggle more. We need to do more to make that bit of our work more accessible.

I have two light-hearted comments to make before the more serious ones. In debates such as this, we always end up getting slightly diverted into the life of the community. I had not known about the issue of pricing in the Portcullis House restaurant, which means that one cannot mix and match. I am sure that it will be sorted now that the hon. Member for North-West Cambridgeshire has raised it.

That brought to mind a family holiday about four years ago. We were in Forfar, in Scotland. On Friday night we decided that we wanted fish and chips, so we went into the middle of Forfar. There was a wonderful sign that read something like "Fish and Chips—Hugh Anderson, BA". Clearly, one could qualify in that to the highest standard. Whether his BA was in fish and chips or something else we never learned, but he was indeed advertising his expertise.

The uses to which this building is put are wonderfully diverse. On Tuesday, I attended a debate in this Chamber on violent crime among young people in London. It was a very well attended debate with a broad, cross-party consensus. Before that, the last time I was here was for a meeting of the relatively new all-party group on conflict issues, looking at the Georgia and Russia situation. Present were representatives from the Russian, Georgian and other embassies. This Parliament does its job when it acts as the fulcrum and the focus of such debates, and brings people together—not just elected Members, but everyone else who makes use of our services.

I intend to pick out a few things for commendation, make a few observations, reflect on a couple of things and then make a few suggestions. In doing so, I shall try to keep within my 20-minute time limit, as I did last year, which was the first time that I took part in this debate, like the hon. Member for North-West Cambridgeshire. This year, with the Leader of the House being absent—she is unwell today—I am the longest-serving Member in the Chamber. Over the quarter of a century that she, I and others have been here, the services have improved a great deal. It is not the services that have caused the thinning on top for any of us, I do not think, and I hope that the Deputy Leader of the House is not too hopeful that the same will not afflict him when he reaches the right age!

I commend some really good things: the assistance now provided to visitors, which is a new service, is really good and well appreciated. Those providing the assistance are courteous and friendly, and the service is well used. I underline the fact that there has been a huge increase in visitor numbers, as the hon. Gentleman pointed out. The increase is extraordinary—from about 7,500 in 2003-04 to 30,000 in the year on which we are reporting. Of course, we want to ensure that that includes people not just from London and the south-east, but from the whole country. I know that the House is very conscious of that.

The Education Service is really good and does its work excellently. Last year, it held an open day reception. I caught people out on a couple of quiz questions that I bowled at them and to which they did not know the answers—I think that I asked who was the youngest female MP to have been elected to Parliament. My punishment was an invitation from the service to table questions for its Christmas quiz, which is fine. I shall be happy to join people there, if I am allowed.

I join other hon. Members in their commendation of the Library, which has invariably been the most first-class of services, remaining so at all times and at whatever notice. The hon. Gentleman mentioned Gladys, our colleague who works in the Members' Tea Room, who is pictured in the report. On the previous page is Helen Holden from the Library—she will be embarrassed that I am mentioning her, but it is right that I do—who is also a constituent of mine. Like Gladys and others, she does great work in her community, too, and is a really competent member of staff. All the Library staff are of that quality and as courteous. They are much appreciated.

The debate packs, which are a novelty and a one-off this year, have been really good. They have been well used and produced very quickly.

Chris Bryant: One group has not so far been mentioned: the cleaners. In my experience, they are very loyal to this building and take their work very seriously. They think of themselves not just as cleaners, but as servants of the House. I hope very much that we will respect them with honour.

Simon Hughes: The cleaners were on my list; I was just coming to them. Those in the cleaning, catering and maintenance departments do extremely important jobs. Inevitably, many of them are constituents of mine, too, because my constituency is nearby. I see them working diligently early in the morning and late at night. In that context, I would like to refer to a slightly more hard-edged issue.

There has been a dispute between some of our contractors and the House, as was brought to my attention by one of my constituents. I would be grateful for an update on that from my hon. Friend the Member for North Devon in his winding-up speech. Are we in sight of resolving that dispute? There have been disputes in the past and issues about pay of cleaning staff and so on.

My general view—my hon. Friend could link this to his answer to my first question—is that we should seek to ensure that as many of our staff as possible are employed by us directly rather than as agency staff. I appreciate that here we have cyclical patterns of work—by definition, the House does not sit every day of the year, and therefore in the summer, for example, we do not need all the catering staff. However, I would be grateful to know whether it is the policy of the House of Commons Commission increasingly to employ people on our own payroll. I assume that that is more cost-effective and results in better and more committed staff, who are much to be appreciated.

There have been some really good innovations in the past few years, including the exhibitions downstairs in Westminster Hall, which form part of the Education Service. There was one on the Act of Union, and another two in the year covered by the report. They were really good, interesting, informative and appreciated. I think that Westminster Hall is now used to better effect for educational purposes and for lobbies such as the one yesterday for pensioners. It is now a gathering place for lobbying groups and for education and exhibitions.

The art and photographs exhibited cyclically are hugely appreciated. We have the fantastic Gerald Scarfe cartoon exhibition in Portcullis House with really engaging, informative, educative and historical exhibits. There have been others—I think that the photographic exhibition on Disraeli and Gladstone was the last one. They are hugely welcome and add to the appropriately educative experience. Having said that, there was a glitch with the blessed water fountains in Portcullis House during the "Open House" weekend in September. As part of that weekend, Portcullis House was open, which is as it should be. We were open to the public, who could go up to the first floor and see the paintings and Select Committee Rooms, which is to the good.

I would like to plug something that has already been to Committee and been rejected. There is a suggestion that for a year we could have a composer in residence, as other public institutions have. I commend that idea. Live music is now occasionally played here—there was some earlier this week—in a way that does not distract Members or interfere with their work. We also need to be seen to be embracing the other arts in a set of buildings that themselves contain some fantastic art and architecture.

I commend the one-stop shop, which is very useful. On that I agree with the hon. Member for North-West Cambridgeshire. It was slow to take off and relatively underused over the summer, when it was glad of customers. Such things are a matter of habit, though. I have had to remind myself not to walk over to 7 Millbank and instead to go and chat to people downstairs. That is a very good service, and I am grateful that it is there. It is a good innovation and I appreciate it.

There is a note in the report about an apprenticeships scheme. On that subject, my hon. Friend the Member for North Devon answered a written question from the hon. Member for Havant (Mr. Willetts) on 2 June:

> "For the past five years the House has also run a 'pre-apprenticeship scheme' sponsored by Mr. Speaker. This scheme offers students from Southwark an opportunity to spend one day per week for one school year in a work area of their choice. The scheme is being further developed for October 2008 so that the students who come to the House—around 10 to 12 per year—will spend two years here rather than one and will complete the first level of a modern apprenticeship."—[*Official Report*, 2 June 2008; Vol. 476, c. 568W.]

I commend that. Obviously, it benefits people in my borough. It is very important that we do our bit, both for apprenticeships and for employing people with disabilities. Are we up to the recommended national level? We were not when I last checked. Do we employ our fair share of people with disabilities and at all levels appropriate to employment in the House?

I endorse the comments made by the hon. Member for North-West Cambridgeshire on the ethnic mix of our work force, which is generally good—I have seen the figures. However, generally, those figures are biased towards the lower pay-grade end of the employment. Obviously we look to have a staff team that reflects the great diversity of Britain at all levels and as soon as possible. I would be grateful for some commendation of that.

I am keen for my hon. Friend the Member for North Devon to respond on a particular improvement that we must make. We do very well when visitors are in the building, but often it takes ages for them to get in. I was about to write formally on the issue, but did not do so because of this timely debate. I have received two significant complaints in the last two weeks about the time it takes to get people from the beginning of a queue into the

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building. Yesterday, pensioners who came to lobby told me that they were in the queue for an hour. Some were quite elderly and relatively disabled. A couple of weeks ago, people coming to a 6 o'clock meeting to which I was invited arrived before the meeting, but were unable to get through the system until quarter to 7. They observed that other visitors who were here to look at things and had no time commitment were moved past them.

We need a system like those in airports that can identify people who have an appointment at a particular time and ensure that they are processed quickly. That cannot be beyond the wit of our system. I ask my hon. Friend to raise that issue and for somebody to write to me and other hon. Members present to confirm that that will be done and that we will have a more user-friendly and efficient system for processing people. I understand that there are peak times, but I do not think that we manage this as well as we should. If that is people's first experience, it will take them a long time to recover, however good the experience is when they get through the door.

On current matters, I repeat the comment that is often made that we do not handle child care as well as we should. The issue with the crèche is ongoing and goes back before my hon. Friend's time; perhaps he will touch on it. Colleagues in my party have asked me to raise it and I am happy to do so.

I have been asked to raise two issues on access to information. First, there is a strong feeling that we should allow clips of parliamentary debates to be used on YouTube and elsewhere. This issue is like the record of votes. That should be possible in a modern age. I am not bothered about the technical rules on the issue. Such websites are where people look for things and it would be good for Parliament if clips could be put on them.

Secondly, I understand that something we cannot do is make Bills available on the website. There is a campaign called "Free our Bills! The Nice Polite Campaign to Gently Encourage Parliament to Publish Bills in a 21st Century Way, Please. Now." Apparently, it is not possible to get hold of a Bill and download it easily. I have not tried to do that, but others would find it useful. If that can be done, can it be done as soon as possible?

My hon. Friend pointed out that in the future the big issue may be whether we can stay in the building. The House authorities appear to be dealing with that in the right way in doing a survey. As a London MP who is in and out of the building every week of the year, I know that a huge amount of work is done in summer. However, I can see the logic of the argument that there might be a better and more cost-efficient outcome if all the work were done in one go without having to stop and start several times. That would be the logical outcome and there are available options.

Mr. Vara: May I add another query that I hope the hon. Member for North Devon will enlighten us on? When the work is carried out will there be disruption to traffic because of the need to install cabling and utilities under the road? That would have a far greater impact on the area than just affecting the work of Members of Parliament, their staff and the House authorities.

Simon Hughes: That is a highly relevant consideration. It would be appealing and attractive to move to York, and I would have no objection to that in principle. I thought that the hon. Member for Pendle (Mr. Prentice) would argue that we should go to Lancaster, or at least to his side of the Pennines. Clearly that is unrealistic if we are just talking about moving out of this building while the people in the surrounding buildings stay.

There are two obvious places where negotiated residence might be possible. One is the conference centre over the road and the other is the buildings of Church house, where Parliament has gone before. That would give the Church an opportunity to move out of London and go around the country for its Synod meetings, which might be a good thing for its mission.

A linked question was put to me by a colleague whose background is in the construction industry. Apparently, the procedures in the House for placing building contracts have changed. I was asked to ask what are the forms of contract in general terms. Do we have a big contract that is left to somebody else to subcontract or do we manage the subcontracts ourselves? What are the regular processes to ensure that delay and overspend are spotted early in a contract and that we do not get to the stage that we did with the new entrance, which caused us some grief?

Environmental issues are rightly seen as important. There is significant detail on them in the report. My hon. Friend the Member for North Devon has probably answered more questions on such issues in the last year than on anything else. I strongly reinforce the plea for an end to bottled water and for the use of tap water. That is a campaign that I have been running for 25 years in public life. I understand that, by and large, the quality of bottled water is not as good. If I was not in this place, I would be in trouble with bottled water companies. We must move on this issue and I hope that my hon. Friend can help with that.

I saw something in London city hall that I have been urging: on the lifts is a little sticker asking, "Is your journey really necessary?" Every day I tell off young, fit and healthy members of staff for using the lift to go one, two or three floors. Can we have a campaign that discourages people from using lifts when they do not need to do so and that encourages the use of stairs? It is an abuse of our energy and environment that people use lifts so lazily and carelessly. I am keen that we do something about that.

The report is good on the places we source our food from. The meat is bought in Britain, which is excellent, particularly given the current climate. I do not mean that in a xenophobic way. I welcome the idea that we have Spanish and Italian weeks in the restaurants. However, can we make every effort to ensure that we buy British where possible for our materials and foodstuffs? We have a duty to the workers who elect us to do that wherever we can.

Finally, over the past year, we have seen significant changes in the structure of the building and the structure of how we run ourselves, as my hon. Friend said. Those are not things that the outside world notices, but they were carefully thought through. I believe that there are now nine departments, which is a considered response.

The outward, visible sign of the House authorities has traditionally been the Serjeant at Arms. In the last year, we have said goodbye to one Serjeant at Arms and

welcomed the first female to the role. I thank the outgoing Serjeant at Arms and repeat the warm welcome to Jill Pay. She is very much appreciated, as are her staff. It is important that we have confidence in the people we work most closely with, however much they have authority over us in various guises and on various occasions.

It is a privilege to be elected to this place. It is a privilege to serve people from here. It is in their interests that we take this debate and these issues seriously. We have a duty to be as efficient as we can with our time and with their money. It is they who pay for this place and for us all to be here. We therefore owe it to ourselves and to them to ensure that we do this job properly. We must be able to report back that we are as careful as we can be with the public resource and as diligent as we can be in doing our jobs properly.

3.49 pm

Nick Harvey: With the leave of the House, I thank you, Miss Begg, the three Front Benchers who are here and the two Back Benchers who came in and made interventions.

I undertook to go back to the hon. Member for Stroud (Mr. Drew) on a couple of points and did my best to deal with the points raised by the hon. Member for Pendle (Mr. Prentice), except for his remark about the Members' Dining Room. I entirely take his point that there are times in the week when the Members' Dining Room is used less heavily than others, but, overall, it has a much healthier bottom line than used to be the case. Although it might look, operationally, to be on the same footing on Wednesday and Thursday nights as on Monday and Tuesday nights, that is not the case if one scratches below the surface a bit. Catering in there remains a huge logistical headache, because staffing levels might be set for a Monday or Tuesday night, and supplies of food might be ordered on the assumption that there will be a full House, but then business might collapse and there might be nothing. On the other hand, one might proceed on the basis that nothing very serious is coming up, but then a political issue might kick off and suddenly all three parties keep people here all evening and freezers have to be delved into. It is not an easy operation to run, but I repeat that the bottom line is healthier than it was.

Mr. Vara: I have noticed that outside organisations come in and use the facilities here. That must be taken on board. I, for one, have attended Saturday evening dinners in Dining Rooms, at which the room has been entirely full, and we have all attended receptions between dining hours. They add to the financial equation.

Nick Harvey: The hon. Gentleman is quite right. All that certainly helps the bottom line.

I shall devote a few minutes to some of the points that the three Members who are still present have raised. I thank the hon. Member for North-West Cambridgeshire (Mr. Vara) for his supportive remarks about the improvements to the House service and for his broad endorsement of our approach to the feasibility study into the big mechanical engineering project. I shall address his points on that now. As far as I know, it should not involve any major works in terms of the supply of services to the Palace, as it is overwhelmingly about the infrastructure within it. However, when we modernise and improve our infrastructure, if there is anything in the pipeline, by way of outside enhancements, it would make sense to do those things at the same time. In terms of the overall logistical headache, however, I do not think that that is a particularly huge element.

Let me reassure the hon. Gentleman that I am convinced that the Management Board takes ethnic employment very seriously. It is true that we do much better on those numbers at the lower levels in the House, as he has said, but I am absolutely confident that the board shares his, my and other Members' desire to see that spread all the way up, and that, without forcing the issue, it is determined that we will get there.

My hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) talked about disabled employment. I was rather surprised to hear that the last time he looked we were not meeting quotas, because I had thought, when I answered questions on this issue, that we were well ahead on recognised national numbers. I will check that and come back to him.

May I reassure the hon. Member for North-West Cambridgeshire that the commitment to greener procurement has not been kicked into the long grass? We are now procuring all our electricity from renewable sources, as the Deputy Leader of the House has pointed out, and we are doing many other things to ensure that we have greener procurement policies.

I had a great deal sympathy for the points that the hon. Member for North-West Cambridgeshire made about the pricing structures in the Debate restaurant, and have fallen foul of them myself on occasion. I shall report it up the food chain, as it were, and I shall try to get the matter looked at. However, I have found that a little bit of haggling at the till can prove quite productive if one goes about it in the right way.

The hon. Gentleman kindly said that there have been improvements to the website but highlighted the need for further improvements to navigation. I shall ensure that those remarks also go back to those responsible. He also commented on people getting wet while they queue to come into the building. It makes sense for me to address, with that issue, the remarks of my hon. Friend the Member for North Southwark and Bermondsey about the time that that takes.

The new Cromwell Green entrance was built to speed up considerably the process of getting people through what is an enhanced security procedure into the building, and there are more channels open at any one time than there were before. That has been quite a major undertaking, and achieving a further exponential improvement of the sort that my hon. Friend has called for will probably require another investment on that sort of scale to bring people through somewhere else. I do not think that it is possible to get people through the Cromwell Green entrance any faster, but they are coming through much faster than they were under the previous systems.

My hon. Friend acknowledged that there will be bulges when big lobbies are on, and I am afraid that unless we are to reduce the level of security, it will be hard to do very much, in an instant way, about that. He asked about having fast and slow tracks for people who do or do not have timed appointments, but that system is already operating. That is the purpose of the barrier that goes down the ramp—one side is for those who are queuing speculatively to come in, and the fast track is

[Nick Harvey]

for those with timed appointments. If people with timed appointments have gone into the wrong queue, I suggest that there has been some miscommunication at the top of the ramp. Perhaps the situation has not been fully explained to them, or perhaps they have come during a bulge, when the fast and slow tracks are not operating quite as they should.

Simon Hughes: I pursue this matter only because I am clear that everyone in the case that I have mentioned did the right thing. Let me quote from the letter. The writer said that

"on arrival at the security barrier at 5.55 pm I informed the police officer there of the time and place of the meeting I was attending, and showed him the Agenda. He told me to join the queue. There were two queues, but I was given no guidance as to which queue to join. Not knowing that there was any difference, I joined the right-hand lane, as the queue was shorter. While I waited, all the people who had been in the left-hand queue when I arrived were processed by security, and then so were all the people who had joined the left-hand queue since I arrived. It was clear from their conversations that many of them did not have an urgent or important engagement."

It goes on:

"No one was managing or policing this distinct lack of British fair play or seemed to know what the criteria for priority were."

Clearly, that was not being done properly, and there needs to be a queue for those with appointments and a queue for those who are coming for a general visit. That needs to be rigorously, carefully and politely managed.

Nick Harvey: I am disappointed to hear what my hon. Friend has said. He has read from a letter that clearly contains a considered report of what happened. If he has not already done so—I am sure that he has—I strongly urge him to feed that into the House authority so that it can consider the matter. He said that the visitor arrived at 5.55 pm, but if, by any chance, they were planning to attend something at 6 pm, that is far too late to be arriving. I advise anyone who comes to see me to allow at least 20 minutes to get through security, and I would strongly recommend that organisers of all events, and all hon. Members who are expecting visitors, advise people coming here to allow that sort of time. It simply would not be possible, in any system that I can imagine, for people to get through in five minutes. I am disappointed if the twin-track approach is not working as well as it should, but I reassure my hon. Friend that it is there.

On the issue of people getting wet, I am afraid that they do. It would have been nice to build a ramp with a cover over it, but, thinking back to the amazing headaches that we had with the heritage lobby about building it, I shudder to think how much more trouble we would have had if we had attempted to put a cover over it. As I said in my opening remarks, it is a world heritage site and a grade I listed building, so I do not think it feasible to provide a cover for the queue.

I thank the Deputy Leader of the House for his kind remarks about the House service, and reinforce what he said about our appreciation being due to staff at all levels and every function within the House. He was quite right to pay tribute to them. The Deputy Leader of the House rightly points out the changing role of MPs, how different that role is from years ago and how much greater the constituency element is than would have been the case in the past. I repeat that it is very much recognised that information and communications technology services to constituency offices need a great deal of further improvement. He will also draw some comfort from the fact that the House endorsed the idea of central procurement of constituency offices from 2010, and the work to bring that about is being taken forward now. However, it is of course only a few years ago that the Senior Salaries Review Body in its report legitimised, recognised and flagged up the need for resources to go into constituency offices at all, and we have come some way since then in quite a short time.

Simon Hughes: I am very keen that the new constituency arrangements come into operation as soon as possible, and I am grateful for the collaboration of the staff who have said that they are happy to help. I want to put on record my repeated keenness that that work moves as quickly as possible, because for many of us it would be really helpful to have the new regime, which will link the space that we have to the money available in a way that is fair across the House and to everybody. If my hon. Friend can encourage the greatest expedition of that work, it would be really appreciated.

Nick Harvey: I repeat my enthusiasm to see the system trialled, piloted, to have problems smoothed out and to have it functioning in time for the intake of new Members after the general election, because that will be important.

The Deputy Leader of the House also rightly pointed out the importance of our outreach work. He paid tribute to the new visitor attendants, as other Members did, and he made some very positive remarks about the expanded education service. As we have all noted, there are more and more people coming through into the House. Those arrangements are very successful, and I thank all those staff who are involved; perhaps I did not thank them as fully as I should have at the beginning of the debate.

The Deputy Leader of the House also made some complimentary remarks about the website. It has improved but, as all Members have said, websites cannot stand still—we must constantly seek to make further improvements to them.

My hon. Friend the Member for North Southwark and Bermondsey also paid tribute to the improvement in the services over the 25 years that he has been a Member. I am sure that it is quite true that there has been improvement, and all of us can see that.

My hon. Friend also asked me about the cleaning dispute. There is a limit to what I can say about that. The House is not a party to the dispute, which was raised by the trade unions with the new contractor, but I will say as much as I helpfully can. A new contractor was appointed from 1 September to take over the cleaning contracts. In response to a request from the House, the new contract was devised on the basis that far more cleaning would take place during the night than had been the case in the past. The second factor was that the new contractor's own preference was to employ full-time employees rather than part-time employees.

All the workers coming over from the previous contractor to the new one are, of course, afforded the full protection of the Transfer of Undertakings (Protection of

Employment) provisions. I believe that I can fairly say that, in practice, there are fewer problems than the unions felt there would be at the outset. That is not to say that the dispute is entirely resolved, but the number of staff who are not happy about the arrangements being offered to them has diminished considerably. Some staff have taken other posts with the previous contractor; some have taken different posts with the new contractor; and others are being marshalled into one particular part of the estate and one particular part of the contract, where their preference for a different working system is being accommodated. I hope that good progress is being made towards a resolution of the dispute. However, I must repeat that the House is not a party to that dispute—it is a matter between the contractor and the work force.

In answer to my hon. Friend's supplementary question, there is certainly no policy intention to shift towards internal employment of cleaners. I think that I am right in saying that the contracting out of the cleaning service happened at least 25 years ago, and I do not think that the House would seek to bring back cleaning staff within its own staff. That would certainly not be cost-effective, as many other organisations have found.

My hon. Friend asked a number of other questions, the origins of which I possibly recognise. He asked about child care. That issue is something that arises from time to time. It was last looked at, in a very comprehensive way, in 2003, when a survey of all users of the estate was conducted. It was found then that there was a strong preference on the part of people working here who had young children that, instead of having child care facilities on site here, they would much rather have support through vouchers for facilities nearer their home. Many of our work force live in outer London boroughs, and they simply do not want to drag small children on the underground or public transport system and put them into a nursery in Westminster; they would much rather use facilities near their homes.

It has been agreed in principle that there ought to be child care available for Members, as well as for members of staff and House staff. The Administration Committee is currently conducting another review and, I believe, another survey to see if the addition of that element of child care or any change in the view of the rest of the users of the estate since 2003 would imply any greater demand for facilities here. That research will be concluded in the next few months.

A number of Members have said to me that, when there are suddenly unexpected votes and other parliamentary activities that have not been anticipated, some Members with small children find themselves in need of child care at short notice. I think that the House authorities recognise that issue. We are trying to see whether there is some ability to provide sudden, ad hoc and emergency child care facilities within the House, dedicating some space for those facilities and training some House staff to provide that child care. That work will be carried forward as best we can.

I hesitate to get into the issue about video clips and hosting them on third-party websites. I have been asked about it on the Floor of the House and I have faithfully reproduced the answers that officials provided. I cannot pretend entirely to understand those answers and, having offered them, I am invariably besieged by letters, e-mails and complaints from all over the country and, indeed, from all over the world from self-styled IT experts, assuring me that what I am saying is absolute codswallop. For fear that that would happen again, I shall demur from going further into the matter. I know where my hon. Friend got that question from, and I will do my best to facilitate some further dialogue between those Members who wish to use video clips and House officials.

I feel similarly hesitant about addressing the issue about the format of Bills. Again, I have had an answer from officials that does not seem to convince a number of other people, so further dialogue will be needed.

On new contract methodologies, we are determined to learn lessons from things that have gone wrong in the past, which is why we commissioned a report. However, when contracts are above a certain size, we are bound by the same procurement regulations as everybody else.

We are conscious of food miles; it is a factor that is part of our procurement policy. I also take my hon. Friend's point about lifts. It would be good for us to encourage people not to use them when it is not strictly necessary.

Finally, on the vexed issue of bottled water, I have been personally sympathetic to those who raised that issue. I confess that I was quite sceptical about the first report produced by officials for the Administration Committee. The new Director General of Facilities, who is also sympathetic, has looked into the matter in some detail and has produced another report.

It is perfectly feasible for us to provide tap water, but it is not quite as straightforward as it might look. Of course, putting water from a tap into a jug is a perfectly straightforward exercise, but keeping it supplied to Committee Rooms all over this building and in Portcullis House and ensuring that it is fresh, cold and palatable and that the jugs and glasses are clean is not entirely without logistical difficulties. It would be possible for us to turn over to use tap water, but it would cost us, surprisingly, quite a lot of money. That is something that the Administration Committee is looking at afresh, if I can put it that way, and we look forward to hearing from it in due course.

I thank all the hon. Members who raised questions, and I will attempt to write to people on any unanswered points. I thank you, Miss Begg, for presiding over our proceedings.

Question put and agreed to.

Adjourned accordingly at nine minutes past Four o'clock.

Westminster Hall

Tuesday 28 October 2008

[JOHN BERCOW *in the Chair*]

State Pension and Benefits

Motion made, and Question proposed, That the sitting be now adjourned.—*[Barbara Keeley.]*

9.30 am

Richard Younger-Ross (Teignbridge) (LD): For the benefit of some Members, I have been asked to clarify the pronunciation of my constituency, as it seems to cause some difficulty. It is "Teignbridge", with the first syllable pronounced "teen" as in "teenager", not "tyne" as in somewhere in the north-east close to where my wife comes from.

This is a very important debate. We are talking about the basics for elderly people—about their income and how, often, they get by in the latter part of their lives. As Members of Parliament, we all have a lot of people who come to see us at our surgeries. Coming from Teignbridge, I certainly have a large number of people who come to see me about a wide variety of issues, particularly elderly people who are concerned about the cost of living, the rises in heating bills and so on.

In fact, Teignbridge is one of the constituencies that has a high percentage of elderly people. It is a beautiful constituency in the south-west. It has both seaside resorts and moorland, so there is quite a lot to attract people who, when they finish working, want to move somewhere to settle. When people retire, they expect to do so in some reasonable comfort. However, the tragedy for many who retire is that that expectation is often betrayed.

We can go back to the origins of the state pension system to examine its foundations and how it was funded, and we can blame people in the 1930s and 1940s for not having enough foresight to see that there would be a growth in the number of elderly people, that our longevity would increase and that we would have a greater percentage of people surviving into the latter stages of life.

Elderly people come to my surgery to discuss a wide range of issues with me, as I am sure they do with every other Member here. They talk about the council tax; in the south-west in particular, they talk about the rises in water charges. They are concerned about fuel and transport costs, although there has been some progress on transport with the concessionary bus fares scheme for the elderly. The funding of that scheme still gives rise to certain issues, which I have discussed with the Minister in the past in other guises.

Elderly people are also worried about heating costs, and some may be concerned about private pensions. The Government still have questions to answer about Equitable Life, the ombudsman's review and what needs to be done about that issue. Elderly people are also concerned about post offices and their pension books, which they can no longer use. They may also be concerned about the pension credit, especially the difficulties in getting it. As MPs, we all write appropriate letters saying that a particular person has not been paid the pension credit, or asking if we can sort out it out for them.

Bob Spink (Castle Point) (UKIP): The hon. Gentleman is aware—I am sure that he will be coming to this issue—of the fact that about a third of pensioners who are entitled to the pension credit do not actually claim it. Will he press the Minister to find ways to reach those people and to encourage more of them to claim their benefits, so that they can afford the high council tax bills, fuel bills and food costs that form a greater proportion of elderly people's outgoings than those of ordinary families, which means that elderly people are hurt more by the current situation?

Richard Younger-Ross: The hon. Gentleman makes a very good point, and I will touch on precisely that towards the end of my speech.

There may be other issues for elderly people in respect of annuities. I must say that I am slightly puzzled by certain policies on this issue. Perhaps the Conservative spokesman will explain later why the Conservatives are looking at only a suspension with regard to annuities. I thought that one was either in favour of something or opposed to it, and would either pledge to get rid of it or not.

Mr. Nigel Waterson (Eastbourne) (Con): I would like to take this opportunity to congratulate the hon. Gentleman on securing this debate. I can reassure him that it is Conservative policy to remove the annuitisation rule altogether. However, while I am on my feet, may I ask him to reassure the Chamber that the leader of his party, the right hon. Member for Sheffield, Hallam (Mr. Clegg), is aware of the true level of the state pension now?

Richard Younger-Ross: I came here to debate an important issue about pensions; if Members just wish to make flippant points, that is fine. I asked a valid question of the Conservative party concerning the contribution of Lord Fowler, who talked about suspension; I was seeking clarity on a specific point. I am not here just to try to score cheap points off other Members—I do not believe that any of us should be here to do that—because that is an insult to the pensioners whose case we are here to argue in terms of increasing their pension and benefits.

The key to all these issues, and others such as TV licence benefits and the various benefits that pensioners have been given to help them, is having a decent pension. For most pensioners, that means having a decent state pension. This year, it is 100 years since the introduction of the state pension. I would like to quote from a speech that my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) gave at our party conference. I apologise for the references to "Liberals" in it; I hope that they do not cause too much offence. However, they are important in the context of what my hon. Friend said:

"In 1889 the Rev F H Stead, warden of the Browning Settlement, organised a meeting in Browning Hall off the Walworth Road in my constituency to start a campaign for a state pension. This led to the national campaign spearheaded by the National Committee of Organised Labour for a free state pension of 5 shillings a week. Within 20 years the campaign had succeeded. A state pension was

[Richard Younger-Ross]

piloted by Lloyd George when he succeeded Asquith as Chancellor in 1908. The first pensions were paid, through the post office, in January 1909. In 1908 when our Liberal forefathers passed the landmark Pensions Act, only a quarter of people lived to draw their pensions and on average lived only a further 9 years. A hundred years on, four out of five people live to retirement age - and on average 24 years more."

David Taylor (North-West Leicestershire) (Lab/Co-op): Reverend Stead was formerly a minister in Leicester and most of the work on pensions was done not by the Liberal Government of the day but by Charles Booth, a philanthropist ship owner who lived in Thringstone in north-west Leicestershire, an area that I used to represent. The hon. Gentleman should therefore give credit to the movement that produced the old age pension, and not try to claim credit on behalf of the passing politicians of that era.

Richard Younger-Ross: The hon. Gentleman has put on the record what he wishes to put on the record, but it is still the case that it was Lloyd George who responded to that campaign. It was not just the Reverend Stead who was involved; other people, including Booth, campaigned for the pension. I am not trying to take any credit away from any of those people. Indeed, I mentioned the National Committee of Organised Labour, which I understand was one of the key bodies involved in that campaign.

The centenary of the first state pension has been marked by a number of Government initiatives. The Government are looking at how to address some of the issues that I have referred to. We have had announcements in the last week about a boost for women—I think that it was described as an amendment to the Pensions Bill—and those changes are welcome. However, my basic contention is that they are simply not enough. The rises in the cost of living, heating bills and food bills are far outstripping what pensioners are receiving.

The September retail prices index inflation figure was 5 per cent., and the question is: will the Government honour their commitment whereby, by convention, the inflation increase for pensioners from April next year will be 2.5 per cent. or the RPI figure, whichever is the higher? I hope that the Minister will make it clear in this debate, rather than our having to wait until later, whether the increase will be at least 5 per cent. She needs to say, "Yes, at least 5 per cent.", and she should then say, "I'm going to go back to the Chancellor of the Exchequer and argue for a bit more, because I have seen the research from the Institute for Fiscal Studies, which says that pensioner inflation is actually 7.3 per cent." She should say, "I will go back and argue for more because I have read Age Concern's briefing, which actually puts pensioner inflation at 9 per cent." Whether one believes the 7.3 per cent. or 9 per cent. figure, what is clear from the simple mathematics I learned when I was at school is that both figures are greater than 5 per cent. If pensioners are not to be worse off in the coming year, we must ensure that their income rises according to the increase in their cost of living.

According to Department for Work and Pensions figures, there are 9,327,800 state pensioners. Of those, some 2,360,900 claim state pension credit, and some 2,693,300 million are more than 80 years old and claiming the over-80s allowance. What do they receive? For clarity, it is £90.70 for a single pensioner and £145.05 for a couple. I shall come to the issue of the take-up rate, but if a couple apply for pension credit, they receive respectively £124.05 and £189.35. The question is, why is it estimated that 2.5 million pensioners live in poverty? That is 19 per cent.—one in five—of pensioners living in poverty. In one subsection of those people, the Pakistani and Bangladeshi community, the figure for those living in poverty rises to 43 per cent. There is an issue about how we calculate who is in poverty, but we will return to that in a minute.

Some 2.7 million people claim pension credit, but 41 per cent. of those who are entitled to it do not claim it. That is a saving to the Government of £2.81 billion a year. On council tax benefit, 45 per cent. do not claim, which is a saving of £1.51 billion to the Government every year. On housing benefit, the figures are better, as only 18 per cent. do not claim, but that is still a saving of £770 million a year.

Mr. Philip Hollobone (Kettering) (Con): I congratulate the hon. Gentleman on the way in which he has started the debate and on his very incisive remarks. On the question of benefits that are not being paid, Help the Aged has produced research that states:

"Older people are missing out on £5 billion in income related benefits each year. Taking just Pension Credit alone",

which the hon. Gentleman mentioned,

"those missing out would be on average £1,477"—

some £1,500—

"a year better off, were they to take up their entitlement."

Richard Younger-Ross: The hon. Gentleman takes a line from later in my speech and saves me having to repeat it. He is, of course, entirely right. He mentions a briefing from Help the Aged, and Age Concern and others have also provided Members with very good briefings for the debate. We ought to thank them not just for their contribution to the debate, but for their work, along with the National Pensioners Convention, in raising the pensions issue and other issues regarding elderly people all the time.

Poverty is defined as income that is 60 per cent. below the median national income. There is a difficulty: we can argue that, if it is always set at 60 per cent. below the median national income, we may not be able to achieve our target of abolishing it. It is fair to say that the Government should look at that point, but there must always be a proportionate factor; otherwise we would just argue that there was no poverty in the west and the only poor people were elsewhere. So poverty is relative. The question is how we measure it, and I cite those earlier figures with that caveat. It is very hard to come up with figures for the absolute poverty of some people.

If we define poverty as income that is 60 per cent. below the median national income, however, the definition of severe poverty has slightly more bite. That occurs when someone's income is below 50 per cent. of the median national income, and I believe that 1.4 million people live in severe poverty. UK pensioner poverty is the second worst in the European Union. We can recognise that figure, because it is a matter not of relativity to income, but of absolute failure. We hear time and again,

from politicians and from people who criticise the EU, that the pension systems in Germany, France and all Europe are not sustainable, but although we may have a sustainable system, in reality, our pensioners live in poverty and are worse off than all those in the EU, bar those in Spain.

Pensioner poverty, whether absolute or relative, is getting worse. Some 300,000 new pensioners were forced into poverty last year—822 pensioners a day—and the result is that more people are worried about money. I am told that, statistically, 16 per cent. admit that they are worried about money, but when I listen to the pensioners who come to my surgery, I suspect that that is a conservative estimate. They worry about their heating bills and many turn their heating down, but if they do so during a cold snap, there will be more cases of hypothermia. They also worry about their eating bills, and they will cut back. The Help the Aged briefing mentions how they will talk about a treat of a tin of soup for the husband, and how it is made to last a couple of days. Is that the sort of joy that we expect people to experience in the latter years of their lives—a tin of soup as a treat? If I were to ask Members here, or most people walking through the doors of the Palace, what they considered to be a treat, the answer would be rather more than a tin of soup.

David Taylor: On the issue of joy, one former Minister talked about pensioners needing to wear woolly hats in winter, so I admire the hon. Gentleman's self-denying ordinance in not mentioning the meanest act of the Thatcher Government, which was to break in 1980 the link between pensions and pay in the economy, thus producing real poverty. In that light, does he believe that this Government, through the very able Minister present, ought to look at early re-linking, which is promised for 2012 or later, as one means of heading off some of the poverty that he so vividly describes?

Richard Younger-Ross: I certainly believe that we should re-establish the link, and the hon. Gentleman is entirely right that the break of that link was a disgrace—it left many pensioners in severe difficulty during the 1980s and 1990s. The problem that we have now is how to address pensioners today. As I started by saying, we can blame the politicians of the '40s for not having foresight, and we can certainly blame the politicians of the '70s, '80s and other periods for the policy mistakes that they made, but I am trying to concentrate on what the Minister can do today to try to address the issues.

The Joseph Rowntree Foundation, which does excellent work, has estimated that a couple needs £265.92 a week, but on the state pension, they get £145. On the link to earnings that the hon. Member for North-West Leicestershire (David Taylor) mentioned, the White Paper has promised that the link will be re-established by 2012. The Institute for Fiscal Studies has calculated that, if we were to effect that measure now, rather than in 2012, it would cost £1.5 billion, and we could take 2 per cent. of pensioners out of poverty by 2017-18. The Institute for Fiscal Studies also estimates that, if all pensioners were paid the pension credit guarantee, it would cost £8.3 billion, and we could take 5 per cent. of pensioners out of poverty by 2017-18. Of course, even if we did that and even if the changes that the Government are about to introduce were in place, not all pensioners would receive a full pension.

The Institute for Fiscal Studies has calculated the cost of a universal pension paid on the basis of residency rather than contribution. The Liberal Democrats have advocated that policy for some time, and former Secretaries of State have discussed it in the Chamber and have indicated that they thought it a good idea, although it has never come to fruition. I suspect that the idea ran into trouble when it reached No. 11 Downing street. If we had a universal system and it were applied for everyone at the pension credit guarantee level, it would cost £20 billion. That sounds like an awful lot of money, but in the context of banks being saved and the international debt estimated at £2.8 trillion—the figures are almost too large—it is a drop in the ocean.

I accept that the Minister might say that we cannot afford £20 billion, but I would argue that, if we cannot afford that, we must look at what can be done. Perhaps the parties need to debate the retirement age and consider shifting it up a year or two, so that we can afford to pay people pensions. Perhaps we should scale the introduction of such a system. It is known that people who are over 80 years old have greater difficulties than those who have just retired. If we introduced a universal pension for those over 65, the cost would be £20 billion; for those over 70, it would be £15.9 billion; for those over 75, it would be £11.7 billion; and for those over 80, the cost would come down to £6.8 billion. If we brought in such a system for the over-65s, we would take 12.5 per cent. of them out of poverty by 2017.

The Minister will tell me that it cannot be done, but there is £5 billion of unclaimed benefit that could offset the cost. If we cannot increase pensions, we need to do more to ensure that those entitled to benefits claim them, as was mentioned earlier by the hon. Member for Castle Point (Bob Spink). The Government have been missing their targets. The gap between the total number entitled to a pension and those who are actually in receipt of it was declining, but it is now increasing again. The question for the Minister is why can such benefits not be automatically paid.

I shall conclude by referring directly to the Help the Aged briefing paper on the issue. It suggests that the following options should be implemented:

"The Government should automatically give Council Tax Benefit to anyone in receipt of Guarantee Credit. The Department for Work and Pensions (DWP) already holds all necessary data to implement this measure.

The Government should in addition automatically award Guarantee Credit to all pensioners for a month upon bereavement, asking them to put in a claim if they wish keep on receiving this benefit. This measure would cost the government an estimated £50 million a year, and would be highly beneficial to the many older women who suffer a substantial drop in income when their partner dies. Many pensioners in this position are unaware that this change in life circumstances makes them eligible for Pension Credit.

Finally, the DWP should match its data on people's state pensions with HM Revenue and Customs data to identify those pensioners who are very likely to be eligible for means-tested benefits but who are not yet claiming, then deliver the benefits to them automatically. With the introduction of new data systems in HMRC in 2009, such an approach could be highly effective, especially for those pensioners aged over 75, whose incomes tend to remain stable or go down over time. Estimates have shown that full take-up of means-tested benefits by pensioners aged over 65 would reduce pension poverty among people in this group by 5 per cent, and would cost the Government an estimated £3.9 billion a year."

Mr. Hollobone: Before the hon. Gentleman concludes, may I reiterate the point about council tax benefit, which has the lowest take-up of all the benefits? Help the Aged made the sensible suggestion that council tax benefit should be renamed council tax rebate and paid automatically—a cause that has received strong backing from Sir Michael Lyons in his report on local government funding and, more recently, from the Communities and Local Government Committee report on council tax benefit.

Richard Younger-Ross: The hon. Gentleman makes a valid and fair point, which I agree with and which I hope the Minister will respond to.

John Mason (Glasgow, East) (SNP): On council tax benefit, does the hon. Gentleman agree that it would be better to abolish council tax and have a local income tax instead?

Richard Younger-Ross: There are those who have argued for a suspension of the payment levels for council tax. I do not agree with them; I do not think that we need to suspend it—we just need to get rid of it. In my view, the local income tax mentioned by the hon. Gentleman would be the best way of doing so. That would certainly take the majority of pensioners out of the need to claim council tax benefit and help them effectively. It would also have the advantage of taking other people who are on low incomes and those claiming benefits out of the need to claim council tax benefit in an efficient way.

The remarkable thing is that, when the Inland Revenue set up its new computer system, it was thinking ahead, and believe it or not, the design of the computer allowed for local income tax to be phased in. The hardware is there, but the software is not yet there and, sadly, neither is the commitment from the Government or the Opposition—who actually gave us the council tax in the first place—to change the system.

In conclusion, I am asking the House to consider giving a large sum of money to elderly people, but is it any more than they deserve? Do we really wish to have a system that involves benefit claims here and there, a little gift of a TV licence or whatever and a bit of a heating allowance for the winter? Would it not be better to give all pensioners a decent state pension, and to do so until such time as we can correct the errors unfortunately made by those who established the system and get to a system in which people have their own pensions and are able to make provision for themselves?

Several hon. Members *rose—*

John Bercow (in the Chair): Order. It might be helpful for hon. Members to know that I intend to call the Front-Bench winding-up speakers at 10.30. Therefore, if several Members wish to contribute, they will have to tailor their contributions accordingly.

10.1 am

Mark Williams (Ceredigion) (LD): It is a pleasure to serve under your chairmanship this morning, Mr. Bercow. I pay tribute to my hon. Friend the Member for Teignbridge (Richard Younger-Ross) for securing this timely debate. I do not have the incisive figures that he provided, but I shall set the scene in respect of some of the hardship that pensioners in this country face and then discuss a specific group of pensioners.

My hon. Friend alluded to the Institute for Fiscal Studies survey and the figures that it produced, which show that pensioners are particularly hard hit in these difficult times as they spend more on food and fuel. The particularly high inflation on those items hits them all the harder. If we delve into the figures a little more deeply than even my hon. Friend did, we find that the real inflation increase is 9.2 per cent. for single male pensioners, 9.1 per cent. for single women pensioners, and 7.7 per cent. for pensioner couples. The average is 6.7 per cent., which is a high figure. Put in the context of this debate, pensioners will be among the worst affected by the economic difficulties that we are facing, at least when it comes to inflation.

My hon. Friend implored the Minister in her negotiations with the Treasury to bid for more than the 5 per cent. base rate that we are dealing with now. I reiterate that plea from the Liberal Democrat Benches and hope that the Minister will consider using the higher figure for future increases in the state pension.

As the IFS report pointed out, the inflation rate will not always be higher for pensioners—indeed, it has not always been the case—but the circumstances of high food and fuel inflation have put pensioners in a particularly difficult position this winter, and the differential needs to be considered.

Bob Spink: Does the hon. Gentleman agree that this is not a matter of philanthropy for pensioners? They built this country and helped to give Europe the freedoms that it now enjoys. They deserve a greater share of our national income, yet, year on year through Conservative Governments and now a Labour Government, pensioners have received a diminishing share of the national wealth. That is a downright shame for this country.

Mark Williams: I do not believe that any of us would disagree with that. The hon. Gentleman, who speaks for the UK Independence party, mentioned Europe. Notwithstanding that, I cite just one example from my constituency. I met a couple in the south of Ceredigion who have to grapple with whether it is worth while putting £5 of petrol in their car or paying £5 for a local supermarket to deliver their groceries. That illustrates some of the dilemmas that pensioners in this country face.

Pensioners on fixed incomes also face particular difficulty in paying council tax bills. I resist the temptation to discuss a local income tax—yawns were noticeable around the Chamber when it was touched on earlier—but it has been discussed by my party for many years. I do not expect the Minister to respond to the need for a fairer form of local taxation as that is not within her responsibilities, but I am sure that she will acknowledge that pensioners face proportionally higher council tax bills. I impress on her the need to reiterate the case in respect of council tax benefit. We heard from the hon. Members for Kettering (Mr. Hollobone) and for Castle Point (Bob Spink) about low take-up.

Mr. John Leech (Manchester, Withington) (LD): Does my hon. Friend agree that one of the reasons for the low take-up of council tax benefit is that a change in people's circumstances means a change in the benefit payable?

Pensioners are worried about the prospect, if their circumstances change, of suddenly being given an additional bill that they were not expecting to receive.

Mark Williams: My hon. Friend clearly makes a point about the practicalities that many pensioners face. Many people become frustrated as they try to navigate their way through potentially complex forms, and there are also the practical difficulties that he outlined.

I shall reserve most of my remarks for a special group of people: ex-servicemen. It is not a small group—it represents a significant proportion of the pensioner population in this country. I pay tribute to the Royal British Legion, which is working with Age Concern on the Return to Rationing campaign. The campaign points out that 38 per cent. of ex-service pensioners report an income below the minimum required for healthy living, which is £7,072 per annum or £136 per week for a single person, and £11,200 or £216 for a couple.

The Government have a particular duty of care to ex-servicemen. As the hon. Member for Castle Point said, they made extraordinary sacrifices for their country. The campaign argues, with some justification, that the present tough economic conditions represent a return to rationing. The title of the campaign may well be emotive, but it illustrates some of the frustrations that many pensioners feel. They assert, and I agree with them, that the support given to those who served their country is simply not good enough. I am sure that we will all support the poppy appeal in the next two weeks and beyond, but we should strive to ensure that help for veterans is not confined to two or three weeks each autumn.

The situation is a matter of extreme concern, and I wonder what assessment the Minister has made of the Royal British Legion's proposals. Among other things, it proposes making the 100 per cent. disregard of war pensions for council tax and housing benefit a statutory requirement. I know that local authorities have some discretionary powers, but there is a feeling that the disregard should be a statutory requirement. The proposals also include developing automated payment of council tax benefit to older people, and exempting recipients of war pensions who have a service-related injury or disablement from means-testing for the disabled facilities grant.

Veterans often find themselves in particular difficulties, and the package that has been proposed by the Royal British Legion goes some way to recognising that fact. The legion carried out a survey of ex-servicemen, and a picture emerged of difficult financial circumstances combined with, as we have already heard, a failure to claim all the benefits to which they are entitled. Some 71 per cent. of respondents said that they did not claim council tax benefit, and, of those, nearly one half said they found paying their council tax bill difficult.

Problems that are apparent elsewhere are all too often magnified for ex-service personnel. A survey carried out by the legion in June found that 15 per cent. of the veterans whom they contacted went without full central heating. Rising energy bills are a concern for many pensioners, but the legion's figures are particularly eye-catching. They suggest that more needs to be done to help veterans pay their fuel bills.

The increase in the winter fuel payment is, of course, welcome, and I thank the Government for making that decision, but we must recognise the limited nature of the benefit. Fifty pounds is a welcome contribution, but, for many, it will make only a small dent in fuel bills this winter. Put crudely, energy prices have risen by 40 per cent. this year but the winter fuel payment has gone up by only 25 per cent. That is without considering the steady increases in fuel bills over the past few years: the winter fuel payment was frozen at £200 from 2000, when it accounted for one half of the average pensioner's fuel bill, until 2007, when it accounted for just one fifth.

The Minister will be aware that many people, particularly those in rural areas such as the one in Wales that I represent, use heating oil or liquefied petroleum gas to heat their homes. They have faced even starker price rises, and although the price of heating oil has started to go down recently, the maximum price remains very high. I have to say that many people in the constituency that I represent do not have the alternative of different fuel suppliers. That is a real problem in rural Wales.

Richard Younger-Ross: My hon. Friend makes a good point about heating oil and the difficulties in rural areas. Returning to his point on ex-servicemen and pensions, does he agree that there is a problem with spouses, particularly wives—or second wives—of ex-servicemen who have married post-1978 and who are not entitled to a pension? The sums provided to enable these people to get by when their husband or wife has died are small. It is seen as mean-minded that the Government are denying them that provision. That also applies to the police.

Mark Williams: My hon. Friend has, with characteristic incision, made a detailed and valid point.

I want to end by mentioning the practicalities of the Royal British Legion's campaign. My hon. Friend has set the scene clearly. I share his concerns about the fundamental priorities of the state pension. I do not deviate from his message in any way at all. The Royal British Legion and Age Concern campaign is modest but necessary. I look forward to hearing what the Minister has to say in response.

10.11 am

John Barrett (Edinburgh, West) (LD): At a time when the banking system is in crisis and the future of many jobs, pensions and incomes is under threat, it is right that, in this debate, we are looking at the state pension and benefits for elderly people. Never before have so many people questioned those who are the guardians of their old-age pension, whether it is a private pension or a pension in the hands of the state. Yesterday's newspapers revealed that workers' pension pots have had £157 billion wiped off their total value in the last year. In 2007, the value of defined contribution pension assets stood at £552 billion. By October this year, that figure had dropped by nearly a third to £395 billion. That is happening now. What the future holds is anyone's guess. In the midst of all this, people are still saving for their pension, but are fearful about whether their money is safe. Many of the elderly will continue to rely on benefits for the rest of their lives if they have little or no pension provision.

[John Barrett]

This debate has already raised a number of key issues. I congratulate my hon. Friend the Member for Teignbridge (Richard Younger-Ross) on triggering this debate and raising a large number of points, for example, on pension credits, unclaimed benefits and the Age Concern briefing. I also congratulate my hon. Friend the Member for Ceredigion (Mark Williams) on his contribution, in which he mentioned ex-servicemen. I welcome the hon. Member for Glasgow, East (John Mason), who raised the important point about the need to scrap the council tax, which has been worked towards north of the border, but in respect of which the potential holding back of council tax benefits by the Government at Westminster causes a major problem.

In summing up for the Liberal Democrats, I am glad to say that my party has a proud tradition in this field—from Lloyd George to my hon. Friend the Member for Twickenham (Dr. Cable). With the state pension being 100 years old this year, it is right that we consider a new pensions Bill fit for the 21st century. For all the talk, the commissions and all the many other people involved it took a Liberal Government to finally deliver the Old Age Pensions Act 1908.

David Taylor: I need a bucket, Mr. Bercow! The fact is that that pension was only paid to those over 70, was means-tested and was dependent on acceptable social behaviour and, certainly, a lack of fondness for alcohol. Is that the framework for a future Liberal Government's improvement of the pensions system?

John Barrett: I thank the hon. Gentleman for his intervention. However, my next sentence was going to be, "But life has moved on." Today, our Treasury spokesman, my hon. Friend the Member for Twickenham, continues to be ahead of the field, in his analysis of the current financial issues, the future for pensions and the way forward. This is in stark contrast to the Conservative shadow Chancellor, who has become the Sarah Palin of the Tory party, doing his best but convincing nobody that he has either a grasp of the problem or proposals for a solution.

The majority of today's older generation now struggle to make ends meet as the gap between pensioners' costs of living and the basic state pension continues to grow, with pensioners often disproportionately hit by increases in costs. The oldest, poorest pensioner households now face an average inflation rate of approaching 10 per cent., compared with around 5 per cent. for non-pensioners. The number of pensioners living below the poverty line in the UK has risen by 300,000, taking the figure to 2.5 million. Official figures show that first-time pensioner poverty has increased since 1998.

The anniversary of the state pension is rightly celebrated, but from its noble beginnings it has subsequently failed to reflect the growth in our national wealth. The rot set in in 1980, when Margaret Thatcher's Conservative Government broke the link between earnings and pensions, diminishing the value of pensions in relation to earnings. No hon. Member in this Chamber today could reasonably claim that £90.70 a week is enough for a single person to survive on.

As we have heard, the fact that the basic state pension is uprated only in line with prices means that, as pensioners get older, many also become poorer in relation to the rest of the population. The basic state pension is now worth 15 per cent. of average earnings, compared with 26 per cent. in 1979. We welcome the commitment to reinstating the earnings link, but clarification on the date—2012 or 2015—would be welcome. It goes without saying that, for us as Liberal Democrats, it cannot come soon enough. I hope that the Minister will throw some light on this issue.

Sadly, the most striking similarity with 100 years ago is the presence of means-testing. More pensioners are means-tested now than at any other time. It remains unpopular, demeaning and ineffective at getting help to those who need it most. I was not in Parliament in 1993 when the now right hon. Member for Kirkcaldy and Cowdenbeath (Mr. Brown) declared that he wanted to end means-testing for the elderly, but I cannot help feeling that he was right then and it is right now.

David Taylor: Does the hon. Gentleman agree that one of the most straightforward ways of reducing the means-testing of pensioners would be to make the basic state pension payable at the guaranteed credit level of £124 a week? Of course, there are cost implications of doing that and it would need to be phased in, but it could be funded readily by two sources: first, through access to the national insurance fund and the surpluses in it and, secondly, and more substantially, by tackling more effectively the tax evasion and tax avoidance that is so prominent in the commercial sector in this country.

John Barrett: As the hon. Gentleman rightly mentions, there are a number of ways to get our pensions up to a decent basic level. I have no doubt that there is a substantial amount of money in the Government's Budget that has not been used—it has been set aside for pension credit, and so on, and is earmarked for pensioners—but which the pensioners do not receive. So any way forward is a good idea.

The Government have admitted that their public service agreement target set in 2004 to increase pension credit take-up to 3.2 million pensioner households is unachievable and they have quietly abandoned that target. The latest figures show that the take-up of pension credit was about 65 per cent., or 2.6 million. In total an estimated 1.7 million people eligible for help are missing out. Often, the Government say that pension credit goes to those who are most in need, but those most in need are those who are entitled to pension credit but who are not receiving it.

We can argue about whether the low take-up rate is down to the complexity of the forms, the perceived degrading nature of having to apply for benefits or to people not knowing that help is available. However, make no mistake: whatever the reasons why individuals do not claim, it is not because they do not need the help.

As a result of over-reliance on means-testing, people are not only falling through the net in respect of pension credit. The take-up rate of housing benefit among pensioners, according to the latest figures, was 87 per cent., leaving up to 310,000 eligible people not claiming. Similarly, the take-up of council tax benefit among pensioners is languishing at 58 per cent., or 2.5 million, leaving up to 2.1 million eligible people not claiming. To put those two figures into perspective, this is even worse than under the previous Conservative Government.

Constituents have often told me that the Government are good at collecting taxes, but much less efficient at delivering help when people need it most. The pension credit is a case in point. It is difficult for me as a constituency MP to assure pensioners of the need to apply for pension credit when one in three awards is incorrect. All hon. Members will have had first-hand experience of the impact of that. The credibility of the whole pension system is called into question when fraud and error rates are so high.

Another concern about means-testing in the light of the Government's proposals for personal accounts and the emphasis on encouraging saving is that there is no escaping the fact that extensive means-testing will erode the returns from savings, and reduce the incentives to save.

Richard Younger-Ross: Does my hon. Friend accept that with the current reforms, pensioners are receiving advice on whether to buy extra years, but if they are entitled to pension credit, they are, perversely, better off if they do not buy extra years and, instead, rely on that benefit? The way to get people to save is to simplify the system and to provide a basic pension without the complications of credits so that there is an incentive to save, and that they keep their savings when they retire.

John Barrett: We must have a system in which it makes sense to make provision for years ahead, instead of the alternative of making no provision and hoping that the benefits system will pick up the slack. We cannot afford any more reasons for people not investing in pensions. The list is already long enough.

Among the many victims of the 10p tax fiasco were elderly people on low incomes, and hot on the heels of that was the news that pensioners now stand to miss out on hundreds of millions of pounds in benefits because the eligible backdating periods for pensioners claiming pension credit, housing benefit and council tax benefit have been cut from 12 months to three months, and for working-age claimants the period is being cut from 12 months to six months. Clearly, both are unjustifiable, given the additional lengths that people must go to to justify a backdated claim, but pensioners seem to be particularly harshly treated.

The group most failed by the current system is undoubtedly women. Like those a century ago, the poorest of today's pensioners are women, the vast majority of whom receive less than a full state pension. Many were badly advised about paying the small stamp or were unable to pay national insurance contributions, perhaps because they were caring for their families, or were in low-paid or part-time employment. We have had some welcome concessions from the Government this week, but there is still no help for women who have already retired and who are not receiving a full state pension, or those who have made less than a quarter of the full contributions and who currently receive no basic state pension at all.

As we see the failure of means-testing, I am confident that conventional wisdom will swing behind the idea of a citizen's pension at a rate that can genuinely deliver security and dignity in retirement for every citizen, and yet which is simple enough for everyone to understand. Such a pension system would be equitable and would not discriminate between men and women.

Of course, many of the issues raised today will be picked up as the Pensions Bill makes its way through the other place. It is vital that it is correct, because we cannot afford to get it wrong. At a time when hundreds of billions of pounds have been found to protect banks and bankers, it is time that the Government provided the same level of concern for our pensioners.

10.23 am

Mr. Nigel Waterson (Eastbourne) (Con): I congratulate the hon. Member for Teignbridge (Richard Younger-Ross) on securing this debate. As he pointed out, it is timely that we are debating the matter again—we recently had a debate on pensioner poverty in the House during Opposition time—and are discussing pensioner poverty in the anniversary year of the start of the state pension. I do not want to detract from the plaudits given to Lloyd George, but I remember that a member of the House of Lords at the time criticised the proposals on the grounds that they would sap the moral fibre of the nation. However, life has moved on.

I am a little concerned that the Liberal Democrats are now less in touch with the real issues affecting pensions. In my constituency, they rapidly went off the idea of a local income tax when it was pointed out that most families in Eastbourne would end up paying more than under the current system. Apart from the cost aspect, there is still a huge unanswered question about the residency test in the so-called universal or citizens pension and how that will be established. When it comes to being out of touch, the leader of their party is apparently massively ignorant about the true level of the state pension, but I am sure that that is now engraved on his forehead.

Sadly, we are debating this important issue against the background of the turmoil in economic and financial markets, and the downturn—perhaps "Brown-turn" would be a better expression—in our economy as the recession takes a grip. It is interesting to remember what the Labour party said in its manifesto back in 1997:

> "We believe that all pensioners should share fairly in the increasing prosperity of the nation."

Who could disagree with that sentiment, but is that what has happened under this Government? The other side of the coin is that as the recession takes a grip on the whole economy, we should be careful to safeguard older people, because they are likely to be hit disproportionately badly by economic problems compared with other groups in society.

It is worth repeating the point about pensioner inflation, which is a fact, because such a high proportion of pensioners' disposable income is spent on council tax, utility bills, food, fuel and so on, so their real inflation rate is much higher. A figure of 9 per cent. was mentioned this morning, but an article the other day suggested that the true inflation rate might be 13 or 14 per cent. for pensioners. Age Concern in its excellent brief for this debate makes that very point. It says:

> "In most years since 1987, the increase in the Basic State Pension has been broadly similar to pensioner inflation. However, since 2006 the real value of the Basic State Pension has been falling. In 2007 and 2008, even the guarantee element of the Pension Credit, up-rated each year in line with average earnings has not been sufficient to compensate pensioners for the real inflation they experience."

That is a worry.

[Mr. Nigel Waterson]

We have heard about means-tested benefits, and the Government have tested to destruction the ability of such benefits to get help to those who need it most. We have heard about the 1.8 million pensioners who do not claim the pension credit to which they are entitled, and we have also heard about backdating. It seems peculiar at this precise moment in the economic cycle to make it harder for older people, who, despite the best efforts of the Pension Service, often find it difficult to navigate through the process to obtain pension credit or other means-tested benefits.

John Barrett: One of the most important reasons for leaving in place backdating in excess of three months is that when a pensioner's circumstances change—perhaps because of a bereavement in the family—changing a claim is not the No. 1 priority. It may be some months after a family bereavement before they get round to claiming an additional entitlement.

Mr. Waterson: The hon. Gentleman is absolutely right, but the Government have form. Shortly after they first came to power, they sharply reduced the backdating for some benefits. I believe that bereavement allowance was included, which seemed particularly harsh.

Another issue that came up is the link with average earnings. The Government are committed to that at some point, but are coy about saying when. They said that it might be 2012 or 2015, but that it must be affordable. As we head into choppy economic waters, the word "affordable" may become more significant. We joined some Labour rebels on 22 April in voting for an amendment to the Pensions Bill merely requiring the Government to say precisely when they would restore the link. However, Labour MPs were, of course, whipped to vote the amendment down. It may be that the Minister, whom I welcome to her new role, can enlighten us on that matter today and make a commitment in this debate, before she is too much in the grip of the Treasury.

As we head into these difficult times, my main point is that older people need reassurance. The briefings from Help the Aged and Age Concern make it clear that we are not only talking about the direct economic affects on pensioners, but their sense of isolation and depression, which we know is much more likely to affect older than younger people. Indeed, that also results in costs to the NHS and so on.

Before we take into account housing costs, we know that 2.5 million pensioners live in poverty, of whom about two thirds are women. That is happening in the 21st century and in the fifth richest country on the planet. The Government have form for trying to define away a problem. Recently, Ministers—although I hope this Minister will resist the temptation—have been prone to say that, as a result of their marvellous policies and a successful 11 years in government, pensioners are now less likely than other members of society to fall into poverty. Of course, that depends on what measurement is used. The House of Commons Library has kindly supplied information for me that shows that if one uses the before-housing-costs income measure, the equivalent figures for falling into poverty would be 23 per cent. for pensioners and 18 per cent. for the population as a whole—in others words, pensioners are more likely to fall into poverty than other members of society. As if that were not bad enough, recent Eurostat figures show that only pensioners in Latvia, Spain and Cyprus are more likely to fall into poverty than pensioners in this country.

As the hon. Member for Edinburgh, West (John Barrett) said, much of this issue depends on take-up. It is interesting that when pension credit was originally unveiled, the Treasury assumption was that 1.5 million people would never get around to claiming pension credit. As we have heard, some £5 billion a year of benefit that should be going to older people remains unclaimed. That is a huge amount, which, as the Institute for Fiscal Studies has said, could take 500,000 pensioners out of poverty at a stroke. That is a very arresting figure.

The Minister certainly has the time, but I wonder whether she has the inclination to talk about what is called automaticity—or something like that—which is the process of making benefit payments automatic. We all know that there is a huge failure to claim some benefits. I forget which hon. Member made this point, but the worst offending benefit is that for the council tax. In my constituency in Eastbourne, a lot of elderly people, particularly widows, own their flat or house. They are very cash poor, but because they are owner-occupiers they are totally convinced that they have no right to claim council tax help. That is precisely why, even among older people where the claim rate is low, owner-occupiers are the lowest category of claimants of council tax benefit. I know that the Government have been trying to look at how to bring in an automatic way to claim and pay benefits. It would be helpful to know what progress they have made so far and what other proposals they have in mind. I suspect that the Treasury is quite smug about the situation because it means that it can carry forward £5 billion from one year to the next.

Finally, I shall touch on what Age Concern has been doing. A while ago, it launched a campaign—I helped to launch it in my constituency, where we have an active Age Concern branch—on the subject of advice. One of the first things that local authorities up and down the country tend to do when times are hard and Government money is not available is cut back on advice services. It is painfully obvious to me that, despite our best efforts in advice surgeries, what older people need more than anything is good, reliable, trustworthy advice about what they are entitled to and so on. Coupled with the concerns about budget cuts in the Pension Service expressed in the Help the Aged brief, which was prepared for this debate, that is particularly worrying. The brief states:

> "We believe this is a serious omission and sends out the wrong signal about the importance of local action on the ground to improve pensioner incomes."

By that, it means that the Government are failing to include a local measure of pensioner poverty. None of the 198 indicators set out for local authorities relate to pensioner poverty.

We have talked about the huge problem of fuel poverty. It is estimated that there are 2.5 million pensioner households in fuel poverty already. According to any measurement, that figure must be increasing. We still have a disgraceful record in this country for excess winter deaths: there were some 22,300 last winter. As

the recession takes a grip, one can only imagine how bad that situation will be this winter.

On annuities, I was pleased that yesterday during the debate on the Pensions Bill my colleagues in the Lords proposed that there should be a temporary relaxation of the compulsory annuitisation rule. At the moment, those coming up to 75 are facing huge turmoil in the markets and will be required to set their income for the rest of their lives. I am therefore very annoyed and upset that the Government have set their face against a temporary relaxation of the compulsory annuitisation rule. I am surprised that the Liberal Democrats apparently did not support us in the Lobby in the Lords last night. That is a great shame because, at this stage, we should be doing everything we possibly can to help those who are retired or coming up to retirement.

The Government's priority should not be to help bankers or financiers; our older citizens deserve not to be lost sight of among the present turmoil. Frankly, we need to ensure that we do not have the situation that we have had in my constituency where retired constituents have had to choose between spending their winter fuel allowance on fuel, council tax or grocery bills.

10.36 am

The Minister of State, Department for Work and Pensions (Ms Rosie Winterton): I congratulate the hon. Member for Teignbridge (Richard Younger-Ross), first, on the lesson on how to pronounce the name of his constituency, which I am sure none of us will never forget, and secondly, on securing the debate, which, as he said, is very important. Hon. Members have made some interesting contributions. The hon. Gentleman pointed out that this subject is not only important because many older people, some of whom are pensioners, come to our surgeries, but because we are all aware of the enormous changes that are taking place in our society.

Demographic changes are, in many ways, hugely welcome because, of course, people are living longer, are leading more active lives and are enjoying fruitful later years. However, that also presents certain challenges. I think that half the population will be over 50 by 2050, so it is important that we look to the future as well as consider some of the points made about the immediate issues facing pensioners. At the moment, there are about 12 million pensioners in this country and we spend about £80 billion of public funds supporting them. That means that some £12 billion a year more has been spent on pensioners than would have been the case if 1997 policies were still being pursued.

We have heard a lot today about means-testing and form-filling, but I start by saying that I make no apology for the fact that the Government's strategy since 1997 has been to target help on the poorest pensioners, while providing a solid foundation of support for all. I say that because when I was elected in 1997, we faced a crisis nearly every winter as a result of the meagre cold weather payments that were made available. There was no winter fuel allowance as it exists today. People, particularly women, were living on the very lowest incomes. It was a commitment of the Government I supported to do something about that and to help the poorest people. In 1997, it was almost as if age was a proxy for poverty. The Government were determined to tackle that.

The targeted measures that we talk about, such as pension credit, have helped to lift 900,000 pensioners out of relative poverty. We spend £12 billion more on pensioners each year than we would have done if 1997 policies had been continued, and about half of that—£6 billion—goes to support the poorest third of pensioners. In 1997, the poorest pensioners lived on £69 a week. Today, pension credit means that no one must live on less than £124 a week; the figure is £189 for couples. That is a rise of more than one third in real terms.

Points were raised about increasing the basic state pension. When we talk about the figure of £124 a week, we must not forget that 1 million pensioners on pension credit also receive help with housing benefit—on average, £61 a week. Some 1.6 million pension credit recipients are also in receipt of council tax benefit. That is about £14 a week. When we consider the overall help that reaches the poorest people, we have to be wary of saying that a blanket approach of £151 a week will solve all the problems, because it will not solve the problems of those on the lowest incomes. In fact, it would reduce the assistance that they receive. It is important that those who advocate a blanket approach recognise the effect that that would have on the poorest pensioners. To forget that is to do an injustice to the help that we are giving at the moment.

Today, the poorest pensioner households are £2,100 a year better off. Age is no longer a proxy for poverty. That is real progress and a record of which the Government can be proud. We have been comprehensive in our approach. Winter fuel payments were £20 in 1997; now, they are £400 for over-80 households.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I thank my right hon. Friend for giving way on what is an important point. The winter fuel allowance has had a dramatic effect on poorer pensioners in my constituency. The Minister will know that on a number of occasions over the past 18 months I have raised on the Floor of the House the 25p age addition for pensioners over 80. That has remained static at 25p since 1972, when it was introduced by the Heath Government. In 1972, people could buy 2 lb of cheddar cheese with 25p; now, they cannot even buy a second class stamp. Of course, more than one third of all pensioners over 80 now pay income tax. That is a credit to the Government as well, but by having the weekly allowance, that third of pensioners over 80 are paying income tax on the 25p, so they are receiving 20p a week. The Government should consider scrapping the 25p age addition and, say, putting £50 on the winter fuel allowance. Will the Minister take up that suggestion with her Treasury colleagues for future consideration?

Ms Winterton: My hon. Friend has campaigned vigorously on that matter and I suggest that he meets me to discuss some of the proposals that he has advocated. At present, we have no plans to change the system, but I would be most interested to hear his wise, as always, counsel on the matter.

Richard Younger-Ross *rose—*

John Barrett *rose—*

Ms Winterton: I will give way to the hon. Member for Teignbridge.

Richard Younger-Ross: I note the Minister's point about what the Government inherited in 1997. I also note that we heard nothing from Conservative Members on policy and on what they would do in terms of commitments. However, Department for Work and Pensions research shows that, in 2006, 50 per cent. of pensioners on low incomes relied on handouts from family and friends. That suggests that although the Government might have done something, they have not yet done enough.

Ms Winterton: I want to come to the take-up of benefits. We have to be careful with the language that we use in this area. The term "handouts" might be a little derogatory when applied to the support that people might be giving to their own family members. It is important to emphasise that people are perfectly entitled to the assistance in the form of pension credit and help with council tax. We have to be careful when using the word "handouts" and others as though implying that somehow people are not deserving of the help. Some families may support their elderly relatives. That should not always be regarded as charity; it is something that families may wish to do. We have to be careful about the language that we use.

I was referring to winter fuel payments. In 1997, £252 million was being spent to support pensioners in cold weather; now, we spend £2.1 billion. There is free off-peak bus travel, to which the hon. Member for Teignbridge referred. There are free eye tests, free TV licences and free swimming. We have tried to provide all those things on a comprehensive, universal basis because we think it important to recognise that the discussion about older people is about quality of life as well. This is not only about benefits and payments. Other things, such as free bus passes, are about recognising the importance of quality of life.

There are huge challenges as a result of demographic changes in society. That is why, in the last two pension Bills, we have made a huge change in how we will be helping people to save for their retirement in the future. There has been welcome cross-party agreement on the changes that we wish to bring in. They will make a big difference to women saving for their retirement as well. I join the hon. Member for Teignbridge in paying tribute to Baroness Hollis with regard to the recent changes that she made and pressed for, which the Government have accepted. I am referring to the change in the conditions for voluntary national insurance contributions. We will see a radical shift in how we approach saving for retirement in the future. The changes that we are making constitute recognition of the demographic changes that are coming, but they are also about fairness, equality and justice.

While on the subject of future changes—a subject raised by a number of hon. Members—we have legislated to reintroduce the earnings link for the basic state pension. We are committed to restoring the link with earnings by 2012, or at the latest by the end of the next Parliament. As a result, the basic state pension should double in value by 2050, more than if the current uprating policy is continued. As I say, that is legislated for.

I have spoken about raising the basic state pension to £151 a week—a sum called for by a number of organisations. The first problem is that many pensioners would be worse off as a result, as it would reduce our ability to target help on those with the lowest incomes. There is no doubt that it would also cost an additional £30 billion a year in the first couple of years. That would be a huge commitment. I do not know whether the Liberal Democrats are making such a commitment today, and I doubt whether the Conservative party has made such a commitment.

We have invested much more money in pensions. We have allocated much more money to support pensioners, but we cannot ignore the fact that the call to raise the basic state pension to £151 a week would carry additional financial burdens. Nowadays, in many ways the pensioner population reflects the wider population. As I have said, pensioners will not necessarily be on relatively lower incomes than those in other parts of society.

One important subject that was raised in the debate was how to encourage the take-up of benefits. It is true to say that people dislike complexity. They crave simplicity, which is why we have made it much easier to calculate pension credit awards. We have also made the system more automatic. With one phone call, people can claim pension credit, housing benefit and council tax benefit without the need for a signed claim form.

The hon. Members for Eastbourne (Mr. Waterson) and for Ceredigion (Mark Williams)—I may need another lesson on pronunciation—and the hon. Member for Edinburgh, West (John Barrett) spoke of automaticity. We want to work closely with organisations like Age Concern and Help the Aged to maximise the take-up of benefits. I was in Macduff two weeks ago with Age Concern, considering what more could be done to encourage people to take up pension credit and council tax and benefits.

I asked about automaticity when first being briefed on these issues. Some people feel it to be a slight invasion of privacy if their details are seen to be handed over, particularly when they are told that they may be entitled to a benefit. However, we need to balance that against what we do now, which we will continue, with one phone call giving people access to all the benefits.

We make direct contact with people if we feel that they may be entitled to extra help, sometimes just sending letters. However, some people feel that that it is up to them to make a claim, and they do not necessarily want interference. All the time, we are considering what else can be done to ensure that people take up their benefits. All ideas are welcome. Members of Parliament, too, have a role to play in helping people. It is good to see some of the schemes that people have adopted. However, we sometimes need to be careful.

The hon. Member for Ceredigion spoke of veterans. It is absolutely right to say that, for them, we need to take a cross-Government approach, as I know from my work at the Department of Health and the Department for Transport, particularly to ensure that veterans are able to take up their entitlement. We are supporting them in doing that.

Several hon. Members referred to the Institute for Fiscal Studies report. I recognise what they said about inflation, but the report suggests that, over the long term, average inflation for both pensioners and non-pensioners is almost identical. It shows that pension credit is worth about £430 more a year than if it had been uprated by the inflation index used in the report

since 2001, and that the basic state pension is worth about £340 more a year than if it had been uprated since 1987 by the report's inflation figure. We need to look carefully at the statistics to ensure that we target help where it is most needed, as I have suggested, yet at the same time we are investing more in our pensioners, with the £12 billion extra that we are providing.

A number of hon. Members, particularly the hon. Member for Eastbourne, mentioned the current economic climate. It is important to say that pension funds are long-term investment vehicles. Fluctuations in financial markets will affect the value of assets in the short term, but it is the long term that is important. We would certainly encourage people to realise the importance of saving for their pension. It is one of the most effective ways of saving for security in retirement, and I hope that all hon. Members endorse that view.

The hon. Member for Eastbourne also raised the matter of annuities. We have considered the points that he made, but I have to say that the vast majority of people buy annuities well before the age of 75. Only 5 per cent. of people delay until after the age of 70, but it tends to be the wealthier pensioner. We did look at the matter, but the industry indicated that temporary suspension would be particularly unworkable.

It has been an interesting and wide-ranging debate. I hope that I have been able to illustrate that we always do everything that we can to support our pensioners. The Government have a proud record in that respect—one that I believe is appreciated by pensioners. The changes made since 1997 pay due respect to the important contribution that pensioners make to society. However, we will continue to work with pensioners and pensioner groups to ensure that we are doing all that we can to support them.

Inland Waterways

John Bercow (in the Chair): The next debate, as hon. Members will know, is due to start in just under a minute at 11 o'clock. It might be helpful for Members to know, just before I call the hon. Member whose debate it is, that no fewer than nine Members have indicated to me in writing that they wish to speak from the Back Benches on this very important matter. Hon. Members will know that I am always to keen to include as many Members as possible, but they are perfectly capable of doing the arithmetic for themselves, and a certain self-denying ordinance will be required.

11 am

Charlotte Atkins (Staffordshire, Moorlands) (Lab): I am very pleased that so many hon. Members have found the time support the debate and grateful for the opportunity to talk about the vital issue of the future restoration of our waterways network. I welcome the Minister to what is his first debate on waterways, and I hope that this is one of many on inland waterways to which he will respond. He has already demonstrated his enthusiasm for canals by booking a holiday in February on the Shropshire Union canal. That shows real enthusiasm, and it should demonstrate to him the work that British Waterways has done on flooding. I hope that his visit is not too interrupted by inclement weather. It is probably just as well that he has recently announced an extra £1 million to help British Waterways, which is welcome.

Britain has a wonderful asset in its inland waterways. Some were built more than 250 years ago, but the canal age was well and truly over by the middle of the last century and the vast majority of freight movements were transferred to rail and road. The network fast became disused and fell into disrepair. However, a small band of dedicated individuals saw a future for our canals and rivers. They formed the Inland Waterways Association. Their drive, vision and enthusiasm ensured a renaissance for the canals and the waterways system. More than 500 miles of waterways have been restored to use, and a further 500 miles are currently under active restoration. Every weekend, groups of volunteers around the country work to restore more of our historic waterways network. IWA volunteers have created a waterway recovery group, which has been actively engaged in restoration since the early 1970s. Indeed, they brought my local canal, the Caldon, back from dereliction in 1974. The IWA provides volunteer working parties and logistical and expert help to waterway societies up and down the country. More than 31,000 boats travelled on the waterways network last year, and 11 million visitors, including anglers, walkers and cyclists, used the towpaths.

The Government have played a key role in the waterways for a long time. I should like to remind the Minister that the waterways were first nationalised in 1947—I can do so now that nationalisation is back in fashion. Unfortunately, those early years of nationalisation did nothing to protect the canals from closure and disrepair. Only in the late 1960s did the Government begin to recognise the recreational value of the waterways. However, the outstanding contribution that waterways can make to both regeneration and the environment was recognised only when the Labour Government launched "Waterways for Tomorrow" in 2000.

Mr. Mark Field (Cities of London and Westminster) (Con): We all support the use of public and private money for the renovation of waterways. The hon. Lady refers to the events of eight years ago, but I hope that she recognises that in many of our cities—I speak for London, but the same applies to the centre of cities such as Birmingham and Manchester—there has been a huge amount of renovation, with the public and private sectors working together, much of which predates the important initiatives that I am sure she will address.

Charlotte Atkins: The regeneration has been brought about by a huge partnership between the Government, local canal trusts and volunteers, who had the vision to research and create feasibility plans for many of the important developments around the country in the past eight years.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend, who is the IWA parliamentarian of the year, confirm that British Waterways has been working steadily towards self-sufficiency and reducing its reliance on grant? Does she agree that the hit that it has taken—a real-terms reduction of 30 per cent.—since the peak funding of the second canal age in 2003-04 is too rapid to absorb with other commercial activity and diversification? Is not that the issue?

Charlotte Atkins: Absolutely, and I must say that flattery will get my hon. Friend everywhere. It is true that the Government grant is still 40 per cent. of British Waterways's income, and it will therefore remain an important part of its income for the medium if not the long term. The huge dive in the grant has had a tremendous impact on its ability to respond to maintenance needs and its aspirations to expand the network.

Waterways produce nearly £500 million-worth of benefit each year to this country. That is a fantastic return for the Government, who put in between £60 million and £70 million a year. The benefits are delivered to local people and communities and make a real difference where local authorities are willing to embrace the opportunities.

Lembit Öpik (Montgomeryshire) (LD): I strongly support what the hon. Lady is saying. In my local area, the complete restoration of the Montgomery canal, which is currently separated from the rest of the network, would create 340 new jobs and generate more than 1.5 million visits to the area. That would generate about £20 million in visitor expenditure every year. Does she therefore agree that investment in the canal network pays for itself surprisingly quickly and that it would be an excellent way for the Prime Minister to fulfil his promise of directly reinvigorating the recession-bound economy?

Charlotte Atkins: I hope that the Prime Minister listens to the debate, because the hon. Gentleman is absolutely right that the amount of money that goes into the canal network for restoration pays for itself many times over, not only for a few years, but for decades to come.

Government funding rose steadily from the mid-1990s, creating what has been described as the second canal age. The Government grant to British Waterways, which is the custodian of the largest network of waterways and historic buildings in the UK, peaked in 2003-04 at more than £76 million; but as my hon. Friend the Member for North-West Leicestershire (David Taylor) indicated, it then took a dive. When the Department for Environment, Food and Rural Affairs reviewed the performance of British Waterways between 1999 and 2004, it found that it had achieved a step change in the condition, management and reliability of the inland waterways infrastructure, that the safety backlog—not the total backlog—had been eliminated and that six major restoration schemes, which created more than 200 miles of new navigation and the associated urban and rural regeneration, had been completed.

Tim Farron (Westmorland and Lonsdale) (LD): The hon. Lady makes a good point on the peak in funding, but is she not concerned that the change in funding that led to many schemes, including the Lancaster canal restoration project, which had got off the ground and was making huge progress and promised to bring vast amounts of investment into south Cumbria, brought an emphasis on maintenance rather than developing and extending schemes? Is that not possibly a waste of the money that has been invested so far? Does she agree that the best thing is for the money to come forward to ensure that the new schemes and the restoration of old canal ways such as the Lancaster northern reaches can be fulfilled?

Charlotte Atkins: I should certainly like the money to come forward, but I do not think that the other money that has been invested would be a waste, because local canal trusts and volunteer bodies are so determined to get the projects off the ground that we are talking about a delay rather than an end to the prospects for those developments. The schemes are such good value for money that they should be brought forward.

The money that was invested produced many new developments, such as the Millennium link and the famous Falkirk wheel. Since 2004, grants have been severely reduced. Inevitably, that has impacted on British Waterways's works programme, and it must also have jeopardised its target of a vibrant expanded network by 2012. From wanting to expand the network, British Waterways is now having to retrench and focus only on maintaining the existing network, as hon. Members have said. Without continued improvement, confidence in the future of the network will leach away, thus damaging prospects for private sector investment, particularly in such difficult economic times.

We have already seen the impact of the credit crunch on British Waterways's income. The downturn in the property market has made it impossible for the organisation to sell two very big development sites for about £9.5 million. The BBC recently cited the canal centre of Birmingham as an area that has seen the greatest fall in property values. Such falls must also apply to other city-centre developments around canals, and that is bound to hit British Waterways's income. Even before the credit crunch, British Waterways had pulled out of schemes, such as the Cotswolds canals restoration. Funding is very tight. We risk losing the huge benefits of investment in our canals if maintenance is not sustained.

British Waterways has a long-term aim to become largely self-sufficient. At present, the Government grant

still represents some 40 per cent. of BW's income, and is critical to achieving its works programme. Any year-on-year underspend will lead to increased costs, because any maintenance that is not undertaken now allows minor problems to deteriorate, so that they require major works in the future. Any cutback is counterproductive, putting at risk the tremendous progress made before 2004. There will always be a need for some Government grant to contribute to British Waterways's income in recognition of the wider public benefits generated by the waterways. In its report in 1989, even the Tory-dominated Environment Committee recognised that that was the case. That is why the extra £1 million that was announced for BW this month is so welcome.

Mr. James Gray (North Wiltshire) (Con): I am listening very carefully to the hon. Lady and believe that she talks a great deal of sense. However, I am disappointed that she occasionally adds a misplaced party political tinge to her remarks. She was wrong to suggest that the revival of the canals has occurred only since 1997. The Kennet and Avon canal, the Wiltshire and Berkshire canal and the Cotswold canal, which the Labour Government have been responsible for pulling the funding on, all started their revivals long before Labour came to power. Therefore, will the hon. Lady acknowledge that this is not a party political but a cross-party issue?

Charlotte Atkins: Enthusiasm for canals is a cross-party issue. However, the amount of funding that has gone into British Waterways and other authorities has massively increased since we have had a Labour Government.

The Environment Agency, which operates about 20 per cent. of the network, is in a similar position to British Waterways. It is handicapped by a large maintenance and navigational improvement backlog. The Environment Agency currently receives some £14 million in grant in aid but the estimated cost of completing the backlog of capital work to its waterway structures is said to be £30 million. Therefore, structures, such as locks and moorings, have not received the routine maintenance that they need to ensure that they remain operational.

In the past four years, there has been a 24 per cent. increase in the number of boats on the network and an 18 per cent. increase in visitors. That is a fantastic achievement, but satisfaction with the waterway network is falling. Only 49 per cent. of boaters say that their experience of the waterway and its upkeep is good or excellent. That is a dramatic drop from the previous year, in which 66 per cent. of boaters held that view. However, boaters are not the whole story. They represent only 3 per cent. of the visitors to the waterways. None the less, without the boats, much of the colour and vibrancy of the waterways is lost. Boats are an essential component of a living waterways network.

My local Inland Waterways Association branch has reported to me that real difficulties are beginning to be encountered by boaters who have to operate a large number of gate paddles on the Cheshire locks. Of course, winding lock gear requires a degree of physical effort, but the problems are well beyond the usual. With so many locks causing problems in the same area, it will not be long before boaters learn to avoid that stretch of the canal.

The canals in my constituency in north Staffordshire represent real opportunities for regeneration. We have seen the successful completion of a four-year project, costing £6 million, to improve the towpaths and access points on to the canals around Stoke-on-Trent. That huge investment was paid for by the regional development agency and by European money, but, sadly, that positive partnership is not so evident elsewhere.

My hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) will speak about the Burslem port, but my local Tory council has sat on an in-depth feasibility study to restore, extend and develop the Caldon canal in Leek for more than one and a half years, and nothing has happened. Such restoration work would open up a real opportunity to develop the south side of Leek, especially as the Caldon canal runs side by side with the Churnet Valley heritage steam railway. It could be a real honey pot for visitors and local residents alike, with the towpath used as part of the local "Walking the Way to Health" programme and the Beatrice Charity's trip boat providing children with special needs and wheelchair users the chance to get out on to the water and into the beautiful Staffordshire, Moorlands countryside.

Leek should learn from the experience of Llangollen in Wales, where the development of a mooring basin has massively boosted visitor numbers to the market town. Sadly, local IWA members are still struggling to get the development of the canal into Leek's local development framework. Many people in Leek are unaware that the canal comes into the town, because the canal terminus comes out behind a scrap yard on an industrial estate. There is not even a sign to tell visitors about the delights of Leek a few hundred yards away. Yet when my dedicated IWA volunteers have organised local canal festivals, the place is alive with boats, music, activity and history. There are also plans to bring to life the Uttoxeter canal by opening a 13-mile stretch from Froghall in my constituency to the wharf in Uttoxeter.

Mr. David Lidington (Aylesbury) (Con): I felt a real fellow feeling when the hon. Lady talked about the Leek canal terminus behind the gasworks. The Aylesbury canal basin is behind the Inland Revenue offices, which is probably even more of a disincentive to casual visitors. Does the hon. Lady agree that there are real fears in places such as Aylesbury, which are on arms of canals rather than through routes, that they may be the first candidates for reductions in maintenance and renovation expenditure? Often, as in the hon. Lady's constituency and Aylesbury, the redevelopment of the canal is an integral and key part of wider urban regeneration projects. Without the canal restoration, the viability and the attractiveness of those urban renovation projects is under threat.

Charlotte Atkins: I could not agree more. There are real concerns that cul-de-sac canals, such as the Caldon and the one that the hon. Gentleman mentioned, are second class, because they are not on the main network. In fact, they are delightful and provide a fantastic experience for local people. I am aware of that point, which I have raised on many occasions. That is why we must continue to fight for our own local canals and work alongside the enthusiastic volunteers who have brought many canals back from the dereliction of the 1970s. The extension to the canal in Uttoxeter could be a great gem of a development. Sadly, it has not yet got off the ground, but I hope that it will do so soon.

[Charlotte Atkins]

I realise that many hon. Members want to speak, and in concluding, I want to ask the Minister about several issues. First, will he seek to do what many Waterways Ministers have failed to do in the past—retrieve money from other Departments to help with the restoration and maintenance of the current network of waterways? We all recognise that many Departments have an interest in the canals, with respect to health, education and regeneration, and that those Departments should make some financial contribution. Will the Minister also commit himself to the expansion of the waterways system, in line with "Waterways for Tomorrow", which was published in 2000 and which he and his Department are now, I believe, reviewing?

Will the Minister also encourage job creation, during this period of economic turmoil, by helping organisations such as the Inland Waterways Association and local canal trusts, such as the Caldon and Uttoxeter Canals Trust in my constituency, with grants for maintaining and restoring the waterways network? The IWA has recently shown what good use it puts its money to by stepping in with £175,000 to save the Woolsthorpe top lock on the Grantham canal from closure, following the partial collapse of the offside wall to the lock last year. British Waterways considered the matter, but decided that it could not afford to rebuild the wall and proposed that the lock should be filled in. We do not want to go back to the bad old days when local and other authorities left the canals to dereliction. That would be a dreadful backward step, so I ask the Minister to help the waterways network to continue to move forward.

Several hon. Members *rose*—

John Bercow (in the Chair): Order. I remind hon. Members that the Front Benchers who will make the winding-up speeches will be called at or very close to 12 o'clock, and I appeal again to hon. Members to help me to help them.

11.22 am

Alistair Burt (North-East Bedfordshire) (Con): I thank the hon. Lady for securing such an important debate, and—on behalf of us all, so that we do not all have to repeat it—I welcome your chairmanship of the debate this morning, Mr. Bercow. I reckon that if we do about four minutes each we should just about all get into the time, so I shall do my best to stick to that.

I have a personal fondness for canals and I am sure that we all share either childhood or, as in my case, more recent memories of family holidays on a canal. My previous involvement was when I was sponsor Minister for Manchester and Salford; part of the great revival of those cities happened through Michael Heseltine's initiatives in the city centre and the development that was done there. I should like to discuss two issues relating to my constituency—one from each side of it, geographically.

Perhaps I may introduce the new Minister to the excellent work of the Bedford and Milton Keynes Waterway Trust. His predecessor, now the Under-Secretary of State for Work and Pensions, the hon. Member for Chatham and Aylesford (Jonathan Shaw), paid a visit to it in July to see its work. That work is to enable the waterway to extend from the River Great Ouse in Bedford to the junction with the Grand Union canal in Milton Keynes. It will connect the waterways of East Anglia with the main canal network running through the country. It is a key part of the growth area strategy in the region. The Minister will know that Bedfordshire has had to accept a very large number of houses; to make that in any way bearable a leisure and working facility such as the new canal will make a great difference.

I want to pay tribute to the extraordinary coalition that has come together: the county council, with Mid Beds district council and Bedford borough council, Milton Keynes council, the mayor of Bedford and the Members of Parliament in the area—the hon. Member for Bedford (Patrick Hall) has been very supportive of the work that goes through his constituency, and my hon. Friend the Member for Mid-Bedfordshire (Mrs. Dorries) has also been supportive. It is a tremendous coalition. I pay tribute particularly to Jane Wolfson and David Fowler of the Waterways Trust for everything that they do. I hope that the personal support from the Minister's predecessor will be reflected in the support that he gives. I invite him on behalf of the trust to visit the area as soon as possible, to see the work that is being done.

The second issue is rather more contentious and concerns the flooding on the other side of the constituency that we experienced in 2003, and the absence of effort by the Environment Agency to deal with it. There is a fundamental issue affecting the agency and the internal drainage boards in the United Kingdom—particularly those in low-lying areas. The agency goes by a mantra that says that dredging is not the answer to flooding. Those who have spent their lives and careers on inland waterways in the east of England would disagree. I am indebted to Barry Easom, Dick Bennett and members of the Bedfordshire and River Ivel internal drainage board for their advice in relation to this matter, and I put it to the Minister that it is time the Environment Agency's policy was changed. I hope that he will help with the matter.

Watercourses that are naturally slow, which is the case in low-lying areas such as the east of England, do not have the flow of water that moves the silt. Accordingly they need the work to be done. The lack of such work by the Environment Agency in recent years has been very damaging. The agency claims that it spends £34 million a year out of its budget of £600 million on maintenance activities; but only £3 million a year is spent on desilting, and a further £8 million on vegetation clearance. Where does the rest go, and why is more work not done on desilting? My constituents still fear that flooding may result in the future. After the floods of 2003 a study was commissioned—it has still not reported because it has been repeatedly delayed, year after year—to find the answer to flooding in the area. I should like to know when that work will be completed. The catchment flood area management plans were promised in September 2008. The date has now been pushed back to 2009 and still there is no sign of relief for constituents.

I have three requests to put to the Minister. First, I should like him to ensure that the Environment Agency will begin to listen to advice on dredging in areas such as the east of England; to ensure that work on the Ivel

will be moved forward; and in due course to confirm his personal support for the Bedford and Milton Keynes new canal.

11.27 am

Joan Walley (Stoke-on-Trent, North) (Lab): Four minutes is indeed a very short time in which to say how much we welcome your being at the helm of our debate, Mr. Bercow, and to congratulate my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins), who has done so much work to promote inland waterways throughout the country. We owe her a huge debt for obtaining the debate.

I want briefly to pay tribute to the many volunteers who, as my hon. Friend mentioned, have worked tirelessly to bring our waterways to the standard that they are now at. I hope that our debate will be a fitting tribute to two of those volunteers—the late Mr. and Mrs. Osborne, who did a great deal of work to give young and, particularly, disabled people the opportunity to get to know the waterways around our area—and that it will help to bring about the actions they would have wanted. I look for progress on that to the new Minister, who I am sure enjoys the waterways throughout this country, like many hon. Members.

There is a huge number of hon. Members present for the debate, and I hope that they will take time from their busy schedules to enjoy holidays on the canals and bring tourism to those canals, and to the towns and villages of north Staffordshire. I hope that they will help us to get the message across to everyone that the waterways are a vital part of our infrastructure and that today's debate must bring about a step change towards getting inland waterways at one with regeneration and tourism.

I want briefly to flag up three issues—one is that despite the extra investment given by the Government, there is none the less continuing underfunding of British Waterways. We need to think about that from the point of view of continuing daily maintenance, without which the waterways will start to crumble and will not be the attraction we need them to be. Staffordshire, Moorlands constituency borders Stoke-on-Trent, North, and my hon. Friend and I share the wonderful Caldon canal. The Endon boat club, which we both visited almost two years ago for its 50th anniversary, reports that dredging is getting to be non-existent. Its members fear that the Caldon canal is getting shallower and shallower.

We heard about the extra £1 million that the Government have found, but we need something in the region of £400,000 just to improve the towpath between Stockton Brook and Endon, and other associated towpaths in the area. We must, through whatever budget and despite the difficult economic times, find that money as a means of getting people back into work and improving infrastructure. I would like the Minister to be aware that I have been trying my best for 12 months to liaise between British Waterways and the local authorities in order to get them to recognise that general maintenance needs to be improved. It is still not being done to the satisfaction of the Endon boat club; and I await action on that.

Local residents near the Trent and Mersey canal by Westport lake in my constituency take great pride in their new estate, and local people enjoy the facilities on offer there. British Waterways and Stoke-on-Trent council are making a joint effort to build a tourist centre. I must report that despite the fact that it is a state-of-the-art, green tourist centre that will do much to improve facilities for everyone using the area, British Waterways tells me that, due to a long period of non-performance by the contractor,

"we have had little choice but to terminate the contract. We have kept our colleagues"

at Stoke-on-Trent city council

"(as future owner) informed of the problems as they have arisen. We are now about to retender the remaining work to completion, however due to the poor performance of the contractor there is a shortfall on the remaining available funds and the cost to complete."

That is exactly the point of this debate. By hook or by crook, one way or another, money must be found to complete the work undertaken.

My last point relates to regeneration and tourism. There is not enough time for me to mention it now, but on previous occasions I have referred to the Burslem port project. In Burslem, another town in the Potteries, there is an opportunity for regeneration. A housing market renewal programme is being planned and there are infrastructure plans that keep alive hope of recreating the former Burslem port, but enough attention has not been given to the regeneration process, to which I have contributed. We have not got the progress that we wanted and that we feel would have been in keeping with the feasibility study done back in 2005 of adopting the scheme within the area development framework.

In addition to the questions asked by my hon. Friend the Member for Staffordshire, Moorlands, I ask the Minister not only to address the issues of ongoing maintenance but to consider how he can relate to all his regional Ministers. Will he have talks with our regional Minister for the West Midlands to ensure that we can deliver on regeneration and restoration of our inland waterways as part of a wider economic, social, environmental and health agenda?

11.33 am

Mr. Edward Garnier (Harborough) (Con): I will follow the example of my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) by not congratulating you, Mr. Bercow, on chairing this debate. I thank the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) for initiating it.

I shall describe, through the canal system in my constituency, where I think the Government need to act and where they do not. I take on board the point made by my hon. Friend the Member for Aylesbury (Mr. Lidington), who mentioned canal arms. The Market Harborough arm is a cul-de-sac, but although there have been times when that part of the canal system was in danger of silting or of not being properly maintained, commercial development in the basin at the far end of the cul-de-sac, in the town of Market Harborough, has attracted investment, housing and commercial premises around the basin. That has consequently increased the use of the waterway from the main section of the canal into Market Harborough, a waterway of about five or six miles that is now used fully. However, there is a danger that if the amount of money available directly from the Government, through British Waterways or through private interest groups, is cut back, that section of the canal will fall into disrepair, to the disadvantage of those who live and keep their boats on the canal basin and the general upkeep of the canal as a whole.

[Mr. Edward Garnier]

The Harborough arm comes from Foxton, forming one of the great wonders of the modern industrial world. The Foxton steps are a series of about 10 locks that come down from the waterways in the constituency of my hon. Friend the Member for Kettering (Mr. Hollobone) to run north through Harborough towards Leicester. Next door to the steps is the inclined plane, which for a brief period during the early 20th century enabled boats to be lifted or lowered between the top and bottom of the locks without taking the lengthy time required to go through each of them. That is now a subject for potential redevelopment, but it will be hugely expensive. I hope that the Government will not configure the finances of British Waterways and the waterways system as a whole so as to inhibit those who are interested in the trust behind the redevelopment and restoration of the inclined plane from carrying on their work.

The area around the locks in Foxton has become an important tourist and commercial centre in a way utterly fitting for that part of rural Harborough. I urge the Minister not only to come and look at the site of the Foxton locks but to encourage British Waterways to carry on with the good work that it has been doing over the past few years. There was a time when the buildings around the Foxton locks were falling into disrepair because of a lack of investment and maintenance by British Waterways; I am afraid that at one point I was reduced to describing the state of the buildings as worse than some of the bomb sites that I had seen in Bosnia. That acted as a spur, and I congratulate British Waterways on the tremendously innovative and thoughtful way that it has redeveloped the area around the bottom of the locks, the locks themselves and the lock-keeper's cottage at the top, which is now part café and part education centre for children. I commend British Waterways for its successful work in the Foxton locks area.

However, British Waterways would not have done it with only Government help. It had the good sense to go into the private sector to find partners. At the bottom of the locks, there is now a highly successful pub called the Foxton Locks Inn, run by two constituents of mine, Bob and Stephanie Hamblin. They took on the lease for the pub, which belongs to British Waterways but has been developed through the assistance of a commercial brewer, Scottish and Newcastle. It was not until British Waterways realised that it did not keep pubs but managed waterways and allowed a commercial enterprise to come in and help that the project got off the ground. Now both the inn and the waterways draw people in. I commend that project to the Minister and ask him to urge British Waterways and all those interested in the preservation of our waterways for tourism and commercial enterprises to consider how Foxton locks has developed.

Another example of public-private partnership involves a couple who live close to Foxton locks, Tony and Mary Matts. They have run a boat hire and maintenance business for years, and they have done tremendous work in keeping boats on the water and attracting people to rent them daily, weekly or longer. It is a yet further example of the sensible way that private and public money can be used to the public benefit.

It is not controversial to say that we are in the middle—perhaps at the beginning—of a difficult financial period. I do not imagine that there is a huge amount of additional Government money to be spent on British Waterways or the waterway system as a whole, but I urge the Government not to suppress private interest in that public aspect of rural life. It is vital and it needs encouragement. I urge the Government and the Minister, who is new to his job—I congratulate him on it—to drive private interest into that aspect of the public sector.

Several hon. Members *rose—*

John Bercow (in the Chair): Order. With 20 minutes of Back-Bench time remaining, I note simply that the squeeze is intensifying.

11.39 am

David Heyes (Ashton-under-Lyne) (Lab): Thank you, Mr. Bercow. I think that I might pull some time back.

I, too, congratulate my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) on securing yet another debate on this issue. I almost get a feeling of déjà vu, being here again. My constituency is rich in canals and canal history, with the Ashton, Peak Forest and Huddersfield canals all meeting at the centre of Ashton-under-Lyne, at the Portland basin. In Failsworth, the Rochdale canal has been reopened, thanks to millennium funding.

I should like to mention the ambitious plans of the Hollinwood canal society, which aims to restore the canals through Daisy Nook country park, reconnecting them to the Ashton canal and creating a new link to the Rochdale canal. That has always been an ambitious, but nevertheless worthy, aim. Those of us who have been involved with it have known that we were in for the long haul. Sadly, the uncertain economic future is likely to add to the time scale. Faced with that uncertainty, it becomes all the more important to preserve the lines of disused inland waterways to ensure the possibility of future restoration. The Hollinwood branch is severed in two places by the M60 motorway, but local optimism about the scope to restore it has been given a boost by the new link to the Ashton canal and by the reconstruction of the first short section of the Hollinwood canal to the new Droylsden wharf.

It is nearly three years since I promoted a Bill on this issue, and I want to put in a shout for the restoration of its aims. My Bill would have obliged planning authorities to consult all those concerned with inland waterways when drawing up development plans and when determining planning applications that might have consequences for the line of an abandoned waterway. The problem is that planning policy guidance on waterways is not mandatory. I am thinking in particular of planning policy guidance notes 12 and 13, both of which are loosely worded. Leaving it open to a planning authority to decide to protect the line of a waterway means that it may decide not to. Leaving open the interpretation of what are "viable options" for waterway restoration is similarly subject to variation from one local authority to another. In these more uncertain economic times, I urge the Minister to reconsider tightening up planning laws and guidance, so that we can at least protect the routes of abandoned waterways until resources can be found to enable their restoration.

11.42 am

Paul Holmes (Chesterfield) (LD): I am conscious of time, so I shall cut to the chase. First, I congratulate the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) on securing the debate. I agree entirely with her analysis of the value of the waterways and about the importance of continuing investment in the maintenance, development and reopening of waterways.

The Chesterfield canal was built between 1771 and 1777. It is important historically, as far as the Houses of Parliament are concerned, because all the stone that was used to build them, in the 1830s, travelled down the Chesterfield canal before being loaded on to coastal ships and carried up the River Thames to this site, where it was unloaded and used to build the magnificent building in which we work every day. In 1906, after a long and active life, the roof of the Norwood tunnel, which is roughly in the middle of the canal, collapsed. Since then, the 26 miles of canal on one side of the tunnel was used as a working canal until 1962 and has been used as a leisure canal since then. However, the 20 miles of canal running from the tunnel into Chesterfield became derelict.

That could have been the end of the matter. Part of the canal at Killamarsh was filled in, and a small housing estate was built across the line of the canal. Derbyshire county council bought a section of the land in 1987, not to restore the canal, but to put it in a culvert, underground, so that it could build a bypass across the site. That bypass has been planned since 1936 and still has not been built, but we live in hope in that part of the constituency. When I moved there in 1979, for my first teaching job in Chesterfield, I bought a house at Tapton, overlooking the canal, and it was a stagnant ditch. As a history teacher, I used to take my pupils through chest-high weeds and grass looking for bits of canal, bridge and other traces that could be seen in the undergrowth.

How different the area is now, 30 years later. In the 1970s, local volunteers decided that it should not stay as it was, and in 1976 they created the Chesterfield canal society, which became the Chesterfield canal trust in 1998. They have renovated whole stretches of the canal, beginning with Tapton lock and visitor centre, just below where I used to live. Over the next 20 or 30 years, they worked through a sequence of sections. Just two weeks ago, JCBs began excavating at the site of a 19th-century canal terminal in Chesterfield that had long since been filled in. The site is being excavated to restore the canal basin so that the canal will have a proper terminal. The private sector is now heavily involved in what used to be solely the activity of a fantastic group of local volunteers. Private developers can see the advantage of having a waterside development along the lines of similar successful developments in Leeds, Birmingham and, to a limited degree, Sheffield.

All the progress on the canal is due to local volunteers who believed in the impossible. Through their realistic plan, they are close to restoring the whole length of the canal and re-linking it to the national network. Derbyshire county council has reversed its original position, and has been an enthusiastic supporter of the canal since the 1990s. Chesterfield borough council, of which I was a member for 12 years, and Brimington parish council, of which I was a member for four years, have also helped the canal. Grants have come from various sources, and the private sector is now involved, but none of that would have happened without those fantastic local volunteers. Various hon. Members have paid tribute to similar activities in their areas.

Chesterfield is a narrowboat canal, and will never realistically carry any commercial cargo, so why is all that important? There are two reasons, the first of which is quality of life. The canal is a linear lung out of Chesterfield. On any weekend or summer evening, the towpath is full of people walking, cycling, fishing and watching the birdlife. What was a derelict and abandoned industrial valley has been completely regenerated. The second reason is economic regeneration. A major private company is looking to redevelop the whole area where the original canal basin was, just off Chesterfield centre, with housing, offices and shops, bringing jobs and restoring quality of life.

In conclusion, I should like to echo the points that all hon. Members have made so far, including the hon. Lady in her opening comments. Whatever the economic pressures as we enter a recession, the Government must not take the short-sighted option of reducing funding to the waterways, because they are important for quality of life and for long-term economic regeneration.

11.47 am

Mr. David Drew (Stroud) (Lab/Co-op): I am grateful to you for calling me, Mr. Bercow, and I shall keep to my four minutes. I congratulate my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) on securing another debate on this issue. She is a true champion of the waterways, and totally deserves the Inland Waterways Association award. I welcome my hon. Friend the Minister to his position. No doubt, he realises that his portfolio will be an interesting one.

The Select Committee on Environment, Food and Rural Affairs has investigated this issue twice in the past few years. In our first investigation, which I had the opportunity and good fortune to chair, we looked into the role of British Waterways. However, the result was that BW pulled out of the Cotswold canals partnership, so I am not sure whether I would like to repeat that experience. That is history, and I do not want to go back over it, but history carries on in some respects. I should like the Minister to look into a particular issue. A key part of the partnership's operation was Brimscombe port, and moneys were made available by the South West of England Regional Development Agency and ended up with BW. Given that it has withdrawn from the partnership, I am concerned that it is trying to sell its stake in Brimscombe port. Will the Minister look into that urgently and ensure that it does not happen? The stake should instead be passed to the two remaining key partners, the Cotswold Canals Trust—a wonderful organisation—and Stroud district council, which has taken lead of the partnership.

Will the Minister also look tolerantly on the partnership's request for money? That need not necessarily be in the form of a grant, but could be in relation to contaminated land. It could also be related to the use of canals as a key part of our climate change strategy. There might be environmental moneys that could be made available. We want to continue to lock in Heritage Lottery Fund moneys of £11.9 million. The parties who remain in the

[Mr. David Drew]

partnership are adamant that they want to see the project through, and they intend to do all they can to ensure that that happens, notwithstanding BW's decision.

I could go on to discuss many other matters, but instead I shall give the Minister a list. I encourage him to discuss some of those issues—perhaps in private initially—with hon. Members present and with those who belong to the parliamentary waterways group.

The list of issues that I have is rather long, but they are issues that the Minister may wish to dwell on. The issues are in no particular order: employment practices; housing policies; mooring fees; bridge openings and replacement of bridges; executive bonuses; the link with the ports that British Waterways owns; and last but not least is the issue that the hon. Member for North-East Bedfordshire (Alistair Burt) referred to, which is flooding. I think that our waterways can be part of the solution to our flooding problem, but unless we look at their maintenance, they will be part of the problem.

In conclusion, I would like to think that we have a clear policy and that BW in particular and the other partners will continue with the reopening of our waterways. That is something that BW has stated in its strategy—not just the maintenance of existing waterways, but the reopening of disused waterways. It would be helpful if the Minister was to restate that the aim of reopening waterways was the Government's intention, because there has been some questioning of whether it is still the policy. I will say nothing more, because I have taken my four minutes already.

11.51 am

Paul Rowen (Rochdale) (LD): I would also like to congratulate the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) on her excellent speech and on the comments that she made.

I intend to be very brief. I wish to talk about the Rochdale canal. It was one of the canals that fell into disuse in the 1940s but it was later restored. A lot of volunteers worked on the canal and fought for its restoration. It secured millennium funding and was reopened in 2000. I would like to pay tribute to Frances Done, the former chief executive of Rochdale council and a member of the Waterways Trust, for the work that she did. Four local authorities are served by the Rochdale canal: Rochdale; Oldham; Manchester, and Calderdale. They have a maintenance programme in place and they contribute to it.

The big issue about the Rochdale canal is that, in order to get it reopened for the millennium, minimum funding of more than £25 million was secured, but it was always understood that there would be additional funding and at least £11 million of additional work was identified as being necessary. The cuts in the British Waterways grant are having an effect on the ability of British Waterways to deliver that restoration work. Therefore, I invite the new Minister to come to the Rochdale canal. If he comes, he will see a vibrant restoration, from the heart of Manchester right into the Pennines. However, it is absolutely vital that the extra £11 million of funding is secured.

The second issue that was not resolved in the rush to get the canal reopened for the millennium was giving the canal a proper water supply. The two reservoirs that used to serve the canal are now owned by United Utilities Water and although they are not used for domestic water supply, United Utilities Water still refuses to relinquish them. I hope that the Minister can put pressure on United Utilities Water, because one of the issues about the canal, when it is open, has been a lack of water supply. It is vital for the future of the canal that it obtains that water supply. I will finish there. I hope that the Minister will look at those points.

11.53 am

Andrew Miller (Ellesmere Port and Neston) (Lab): As we continue this tour of Great British locations, I want to bring the House's attention to Ellesmere Port. The recovery of the town was centred on the work undertaken in creating what is now a National Waterways museum. If that work had not been carried out, the recovery of the town, including the development of the fantastic retail complex around Cheshire Oaks that brought in 7 million day visitors last year, simply would not have happened.

I know that the Waterways Trust is not immediately part of the direct responsibilities of my hon. Friend the Minister, but it is struggling to maintain its important museum network. The Waterways Trust museums, including the one in Ellesmere Port, are after all centres of national collections that have been described by experts as being important in their locations. It is not just a case of picking up a bunch of exhibits and moving them to another place. They are important locations, because the three Waterways Trust museums are, of course, part of our national heritage. The work that is being undertaken around our waterways by the Waterways Trust and the huge network of volunteers have made a fundamental difference to the community that I represent.

More recently, the junction between the narrow canals and the Manchester ship canal has provided an exciting location that Peel Holdings, which owns the Manchester ship canal, is using as a major focus of regeneration, and it is now one of the approved areas where the Government are allowing the expansion of housing on a waterfront. It is an enormously exciting opportunity. However, what is missing from that development—and my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) touched on this issue in her opening remarks—is the lack of joined-up thinking between Government Departments. The issues that we are talking about today spill over from the Department for Environment, Food and Rural Affairs to the Department for Culture, Media and Sport to the area of education, involving a range of Government Departments and indeed the private sector too.

As part of the recovery of our economy, we need to look at some of the things that have happened to parts of the waterways network in the past few years and learn lessons. Yes, the waterways can be used as levers for recovery, but they are not just levers for recovery; they can also be levers to encourage new and exciting tourism opportunities and social opportunities for our own communities on the canal network, utilising the canals in a way that simply has not been envisaged before.

This is a huge opportunity and the Government would miss it at their peril. Therefore I urge my hon. Friend the Minister to work very closely with his colleagues in all the other Departments that have related interests

in the waterways network to come up with a joined-up solution to what is a challenging problem but one that it would be very worth while to tackle.

11.57 am

Mike Penning (Hemel Hempstead) (Con): I would like to thank my constituent Mr. Tony Lenten and the Inland Waterways Association for their briefing for me today. I agree with almost everything that has been said in this debate. We are all here because we have a passion for the waterways of this country, which are part of our heritage and our future.

The Grand Union canal flows through my constituency, which is dominated by a new town, and the canal is the link between the rural community and the urban community. For many people, it is the only piece of countryside that they see. The other day, when I was fishing on the canal, it was a pleasure to see a kingfisher fishing smack bang in the middle of the new town. That is a hallmark of the canal's cleanliness.

However, I have some concerns about the future. Since 1946, some 500 miles of canals have been reopened and I understand, from the briefing that I have had, that another 500 miles are subject to works that may go ahead or that are actually going ahead at the moment. In my constituency, the biggest blight on the Grand Union canal is silt. What worries me is that, as funding gets tighter and tighter for British Waterways, we are not protecting what we already have. If we do not protect the existing canal structure, whatever we do in the future will be cut off by this blight or plague of silt that is going on now.

I have lived in my constituency for seven years and I have fished on the Grand Union canal since I was a young child. In all that time, I have not seen any dredging going on whatsoever. I was fishing on the canal at the weekend and I can tell the Minister that the main Grand Union canal going up through Hertfordshire is only about 18 inches deep. Silt is a major problem. We want more traffic to use the canals and we might want to transport heavy goods to the supermarkets that are situated right by the edge of the canal in my constituency, but the problem is that those goods simply could not get there, because ordinary pleasure craft are bottoming out in the canal on a regular basis. As I say, silt is a major issue.

Therefore, as we look forward and try to keep our canals as part of our heritage, we must be careful. Funding is tight and British Waterways should look after what it already has before it invests too much in something that we may not be able to hold on to.

Several hon. Members *rose—*

John Bercow (in the Chair): Order. I am grateful to the hon. Gentleman. Two more Back Benchers still wish to contribute, and I will crack open a bottle of champagne if I, or my successor, is able to ensure that both are able to do so.

11.59 am

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): Thank you for squeezing me into the debate, Mr. Bercow. I shall make three brief points in support of the main argument that we need to open up more of the network, rather than just maintain what we already have.

Many points have been made about the regeneration of our cities as a result of canal investment, and I remember trying to navigate the Birmingham canal in 1980 as part of a family holiday, but giving up on the attempt. Now, of course, the canal is at the heart of Birmingham's regeneration, as are canals in relation to Salford Quays and Sheffield. Sheffield's quays have been redeveloped as the canal has been opened up, and the redevelopment is not as limited as was earlier suggested. At most times, the quays in Sheffield are packed with canal boats.

The two other points that I shall make have not been touched on too much in the debate. The first point is about wildlife and wildlife corridors. Canals represent wildlife corridors that reach into the heart of many urban areas, and the concept of the wildlife corridor fits neatly with the living landscapes concept that the Wildlife Trust has developed. We therefore have an opportunity to build the natural environment, to cut carbon emissions and so on if we invest in our canal network. The issue is not just about the environment and carbon emissions, however; it is about enjoying wildlife for its own sake. My brother takes his family on canal holidays two or three times a year, and they enjoyed their first sighting of a kingfisher only last year. It was an amazing experience for them.

The tranquillity of the canals makes them a genuine holiday option, and we should not underestimate the opportunities for tourism that result from our investment in the canal network. It is tranquil, calm and offers unique insights into our countryside. Kevin Spacey recently cited the canal network as one of the top landscapes in the British countryside because of the opportunities that it offers for a unique landscape experience.

My second and final point is about walking opportunities. We are going to open up the coastal network via the draft Marine Bill, which I hope will be in the legislative programme, and we have established the right to roam on our moorlands and in our countryside. So at a time when we are extending access to walking, would it not be ironic if we were to lose some of those opportunities because we failed to invest in our canal network? Some 50 per cent. of the population can access canal towpaths within 10 minutes. The opportunities for access and, on top of that, disabled access are particularly relevant to our canal network. On that point alone, we should invest in our canals.

Let us open up more of the canal network. It would be short-sighted not to do so in terms of regeneration and the health, environment and tourism and economic development agendas. Investment, please. It is not expenditure; it is investment.

John Bercow (in the Chair): I call Lembit Öpik.

12.3 pm

Lembit Öpik (Montgomeryshire) (LD): Thank you, Mr. Bercow. I shall buy you the champagne myself.

[ANN WINTERTON *in the Chair*]

The Montgomery canal restoration is an exemplar project of sustainable waterway restoration and regeneration, stimulating local and regional regeneration through a major contribution to the visitor economy and to the canalside's economic development. The only problem is that there is a missing link of 13 km, which

[Lembit Öpik]

would join Shropshire and Wales. Making that link work requires a strategic partnership, but I am glad to say that we have universal agreement to the Montgomery canal conservation management strategy, whose partnership vision states:

"To restore the Montgomery canal as a flagship model of sustainable canal restoration with a strategic focus on rural regeneration. To protect the canal's unique environment and heritage through research, management and excellence in design. To increase access for all through interpretation with the promotion of tourism and educational use."

I am sure that the project is achievable. It is one of only 11 that British Waterways has identified as a "priority one" for restoration throughout the UK, and the only one in Shropshire, the west midlands and Wales. As such, I invite the Minister to visit it. It is just around the corner from his constituency and on the way to Rochdale via Ellesmere Port. He will be most welcome, and he will be shown a winning project. So, as he does his round-robin tour of British canals, I hope that he will not only come and learn, but make the sort of commitments that will really make our British waterways thrive.

12.4 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is a pleasure to take part in this debate under your chairmanship, Lady Winterton, and I congratulate the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) on obtaining it. She, among several other hon. Members, has been a champion of this country's canal network, and every hon. Member who has the fortune to lead a debate about canals can be assured of the support of many other hon. Members. That shows throughout the United Kingdom, and in England and Wales in particular, not only the importance of the canal network to industry in the past, but its potential in the future, which has been well demonstrated this morning.

The hon. Member for Stroud (Mr. Drew) mentioned several inquiries that the Select Committee on Environment, Food and Rural Affairs undertook recently. I shall not go back over the issues that were raised throughout the report and in its conclusions, but I should tell the Minister that if we are to make the most of the resources that the Government can put into British Waterways, there must be a good relationship between British Waterways and the sponsoring Department. It has improved over the past few years, but it is something that I am sure the Minister will want to work hard at, because the waterways will benefit when the relationship is going well.

The key theme of the debate has been the difficulty in prioritising maintenance or restoration when the amount of money available to the canal network is limited. Several Members have pointed out the importance of ensuring that silt is removed from the waterways, otherwise they become unavailable to, and unsuitable for, boats. Somebody said that only 3 per cent. of canal visitors visit on boats, but they add to the liveliness of the canals, and canals without boats would be only half the facility that they currently are, and present only half the attraction that they currently present.

Another issue that the Minister, whom I welcome to his new post, will take on board is the vast amount of volunteering that goes on for British Waterways. Much of the progress that has been made would not have been made without volunteering, so he must take it on board and ensure that it has the encouragement that it has had in the past and will need to have in the future. One strength of British Waterways has been its ability to bring together partnerships to achieve its objectives. It has worked with public bodies, such as local councils, and with the private sector. Often, when a canal is improved, the value and importance of the land on either side increases, but one problem that has not been properly addressed is how British Waterways can take advantage of the increase in value of the land that borders the canals. The private sector benefits in many instances, but British Waterways has not yet found a way to ensure that at least some of the value of its investment is returned.

Several Members have taken advantage of this opportunity to speak about their local canals, and I must say something about the Mon and Brec canal. The Minister will know that just recently, it suffered a massive breach, and it has taken more than £1 million just to mend it, but a health and safety examination of the canal has shown that other work needs to take place, so we are putting together partnerships to do that. I know that some funds for other developments have been lost to the Mon and Brec canal, but the Minister has been invited to visit many canals, and I guess that it is the nearest one. His predecessor indicated that he was willing to go along, but I should much prefer the present Minister to do so when there is water in the canal, rather than when there is not, so perhaps we can find a time when he might do so.

There are a number of issues that hon. Members have indicated the Minister should look at. One is whether, at a time when funding will be tight, funds could be made available by other Departments that might have an interest in canals. The Department of Health has been mentioned, but the Departments for Transport and for Culture, Media and Sport also have a real interest in the network, and some money could be found within those Departments and allocated to the canals.

Ongoing maintenance has been mentioned, but I was particularly taken by the reference to involvement in local government planning as regards safeguarding the routes of canals. Many canals are now cut across by developments, which could have been avoided so that those canals could be opened in their fullness. Both rural and urban areas are connected by canals, and the hon. Member for Staffordshire, Moorlands made a powerful point about restoration of that part of the waterway network that is still derelict. At worst, a derelict canal is a dirty ditch, but it can be a high quality piece of water that can provide many facilities by promoting biodiversity, stimulating the property market alongside waterways, boosting local tourism industries and making this country a better place to live. The hon. Lady has made a good case for restoration, which will take a relic of the industrial past and turn it into a sustainable feature for the future.

12.12 pm

Miss Anne McIntosh (Vale of York) (Con): May I welcome you, Lady Winterton, and say how fortunate we are to have been so splendidly served by two excellent

Chairmen this morning? I welcome the Minister to his new position. Perhaps he will say why it is that after the last reshuffle, apart from the Secretary of State, every single one of the ministerial team for his Department was replaced. I wish him well, and I hope that he will stay a while longer than his predecessor.

I warmly congratulate the hon. Member for Staffordshire, Moorlands (Charlotte Atkins) on securing the debate. She spoke with great authority, knowledge and eloquence, and identified a number of issues that other hon. Members also rowed into. In particular, she mentioned the multiple roles that British Waterways is expected to play. It is the UK's largest navigation authority, and I think that we forget that it cares for about 3,540 km of historic canals and navigable rivers—a tall order indeed. It is responsible for navigation, recreation, fundraising, and, in answer to what my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) said, I believe that British Waterways has an adaptation role to play in preventing and alleviating flooding, and in adapting to climate change generally. I wonder whether the Minister will respond to my hon. Friend's point about the work of the internal drainage boards. Bedfordshire is exemplary in that regard. Why have the Government cut the Environment Agency's budget for maintenance? That is causing great concern up and down the country.

The hon. Member for Staffordshire, Moorlands and other hon. Members drew attention to the fact that British Waterways is markedly supported by volunteers. We have heard that demonstrated today, in what has been an interesting Cook's tour of English canals—we will all be looking to our diaries to see when we should visit. Reference has also been made to the co-operation of district and borough councils, county councils, the Mayor, the Environment Agency and the Inland Waterways Association. In addition, as my hon. and learned Friend the Member for Harborough (Mr. Garnier) said, there is a role for the private sector—notably, in running the local pub. Indeed, British Waterways will increasingly have to rely on the private sector for future financing.

Having come from the European Parliament, one thing that has always struck me is that the inland waterway network of this country is a jewel, but together with coastal shipping, it is frequently overlooked and under-utilised in many ways. If one considers the political lobby of inland waterways in other European countries such as Holland, France and Germany, one realises that our inland waterway network could have a much greater role to play.

The underlying thrust of the debate has been the amount of funding that navigation bodies such as British Waterways have, and how they manage the inland waterways with those limited funds. Will the Minister respond to the fact that in the most recent comprehensive spending review, navigation bodies have been given flat cash for the next three years, and will therefore come under increasing pressure? I would like to quote his predecessor, the hon. Member for Chatham and Aylesford (Jonathan Shaw), in the excellent Select Committee report that a number of hon. Members have referred to this morning. He said that

> "the actual canal restoration is never commercially viable and has to be supported almost entirely by public or volunteer funding. In many cases canal restoration creates increased, albeit marginal, future maintenance costs for British Waterways."

I shall restrict my remarks to three questions, and ask the Minister whether he will re-visit the Government response to that report.

How do the Government intend to implement the recommendations of the report, particularly the fifth and sixth recommendations? The Committee called for

> "Defra, in cooperation with British Waterways and other interested government departments....[to] develop a transparent mechanism to score and prioritise public investment".

The Government were dismissive and said that they did not agree with that recommendation. The Select Committee went on to say:

> "It is likely that BW will need increasingly to rely on income from canalside developments in the future. A reduction in restoration projects involving BW may therefore in the long term adversely affect BW's move towards achieving an even greater degree of financial self-sufficiency."

The Government responded negatively, stating:

> "Unlike regeneration projects adjacent to the existing network restoration projects rarely produce new income streams and usually impose additional costs".

In summing up, will the Minister answer the conundrum that lies at the heart of the debate called today and previous debates? The conundrum is this: restoring a canal creates spending on restoration in a particular instance, but it creates increased maintenance costs for the future. Maintenance of a newly restored waterway therefore implies increased expenditure, which perhaps the Government or British Waterways do not have access to. If he responds to that point, in what has been one of the best attended debates in my parliamentary career, he will have served the House extremely well this morning.

I would also ask the Minister to say what lessons have been learned from the fact that British Waterways had to withdraw from the Cotswold canals partnership, without consultation. Clearly, as was reflected throughout the debate, where we are so heavily reliant on a public-private partnership for investment, British Waterways needs to work more with voluntary and local bodies.

May I end on a positive note? I commend British Waterways in particular for its work on and financing of Prescott lock, which I had occasion to visit recently. I think that it will do a huge amount to prepare London for the Olympics in the construction phase. We all wait with bated breath to hear the Minister respond to those points.

12.19 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I thank you, Lady Winterton, and your predecessor, Mr. Bercow, for being excellent stewards of this debate. It is one of the best attended sessions that I have seen in Westminster Hall for quite some time, and that reflects the passion, commitment and knowledge that people have displayed in their contributions.

I shall do my best to deal with as many points as I can, but Members will understand if I do not address them all in the limited time available. I have noted the concerns and will try to return to them, not least the dozen or so invitations that I have had to tour the country and visit all the canals. We have had 12 speeches plus the contributions from the Front-Bench spokesmen. There have been at least half a dozen interventions, and all the concerns have been noted.

[Huw Irranca-Davies]

I congratulate my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) on securing this excellent and well-timed debate. It is good that I am able, early in my ministerial career and new responsibilities, to address some of these issues. I am aware of her long-standing interest in the subject and that she was named parliamentarian of the year by the Inland Waterways Association earlier this year. Members are sometimes shy when we remind them of such things, but the honour is well deserved in this case. She has brought knowledge and insight to the issue.

I briefly turn to my hon. Friend's contribution. She mentioned nationalisation in 1947, and the pivotal role of collaboration. Regional development agencies, local authorities and others must come together to drive forward investment in waterways, whether for restoration or new developments and so on. That is pivotal, and I shall return to it in a moment.

Many Members picked up on the role of volunteers, and the fact that if we did not have them at the instigation of nationalisation many decades ago and also now, we would be in a far worse position. That is worth recording.

I welcome this opportunity to reconfirm the Government's commitment to the inland waterways. It is a commitment that I believe was recognised in the Environment, Food and Rural Affairs Committee's report on British Waterways, which was published in July this year. I do not think that anyone can doubt that we have seen a remarkable renaissance in the fortunes of Britain's waterways over the past decade. My hon. Friend referred to the second canal age. The waterways are in a better state today than they have been since before the second world war.

Government investment in inland waterways has been considerable. Over the past decade, we have invested some £750 million in British Waterways, and the Environment Agency has spent more than £42 million over the past three years in maintenance and capital repairs to the waterways infrastructure. As has been mentioned, the waterways, which include the canals, navigable rivers and the broads, provide a range of economic, social and health benefits and so on. They have a vital role in supporting cross-Government agendas for social inclusion, conservation of heritage, the environment and regeneration. Many excellent examples have been given today of how that is done.

Restoring our canal network enables us to enhance those public benefits in new areas around the country, including, as has been mentioned, adding connectivity in some cases. Let me make it clear that I therefore fully support the concept of further restoration. However—this is a big "however"—when it comes to priorities for my Department's funding, we must ensure that the waterways maximise public benefits while delivering an affordable, sustainable network within the total funding available. That involves difficult decisions by the Government and British Waterways on the strategic approach to getting the best benefits from our waterways. Our commitment is clear, but it does not mean that we can avoid difficult decisions.

The recent Select Committee report acknowledged the usefulness of the strategic steer that was agreed with British Waterways to provide it with greater clarity about the Government's priorities for the network. We can divide the priorities for the waterways in England and Wales into three areas. The first is maintaining the existing network in satisfactory order to deliver the range of public benefits. The second is achieving the longer-term vision shared by the Government and British Waterways of moving towards greater self-sufficiency. Members will agree on the need to put the network on a long-term, sustainable footing. The third is delivering the range of additional public benefits, which are not divisible from maintaining the network—they go hand in hand. The Government place great importance on all those areas, but the first one—maintaining the existing network in satisfactory order to deliver the range of public benefits associated with it—must be paramount, not least as we consider the current economic climate.

We are concerned with all three areas, but we have to maintain and drive forward the existing network. That is reflected in the approach that we take with the Environment Agency, which itself needs to implement a sustainable and affordable strategy for waterways management. In the strategic steer to British Waterways, we also made it clear that the Government remain supportive of its ambition to expand the network. That would make an additional contribution to achieving the public benefits that I have already mentioned.

The strategic steer reflects the fact that there is a gap between what British Waterways needs to maintain a steady state, and current income from all sources; hence the need for it to concentrate its resources on the existing network. That includes, as has been mentioned, the need quickly to repair breaches such as the one at Stourbridge, where British Waterways will need to spend an additional £1 million on repairs. It must be right that British Waterways prioritise its resources to deal with unpredictable events that can have a significant impact on people's enjoyment of the existing network and on all those whose livelihoods depend on it.

The EFRA Committee recommended that the Government should develop a mechanism to score and prioritise public investment in canal restoration, taking into account the benefits created and the agreed principles on how financial risks should be borne, and the Government noted that. The Select Committee also raised concerns about British Waterways bearing most of the financial risk for the restoration of canals. It rightly commented that canal restoration can directly bring all the benefits that we have described, and its view was that the risks should be spread more widely among the public sector.

The Government agree with part of that recommendation but not the first part. As we said in our response, decisions on restoration projects are best taken at a local or regional level, not least because funding has to be raised at the local or regional level.

Miss McIntosh: Without imparting any criticism of British Waterways, my concern is that its pulling out of the Cotswold canal project led to a loss of trust in the future. How would the Minister respond to that?

Huw Irranca-Davies: The difficulty was the rapid way in which the decision was made. I believe that everybody would have preferred to have more time and the ability to put in place the right structures, but British Waterways was faced with an immediate challenge, and we must recognise that. It was a difficult dilemma but a classic

example of one of those hard decisions. Faced with the predicament of repair, as it was, how should it move ahead? I take the hon. Lady's point, and I believe that British Waterways would also say that, in an ideal situation, it would want to spend more time putting in place the right structures. Sometimes things happen in such a precipitous fashion that one has to take rapid action, but I understand the hon. Lady's question.

Involving central Government in funding decisions and adding a potential new tier of bureaucracy to the process to achieve a national framework on directives and funding would therefore not be appropriate or practical. However, we agree that further consideration should be given to how financial risks are borne. Investment by British Waterways in restoration projects is a matter for the board because its job is to manage risk and balance the books. It has mechanisms in place that enable it to prioritise its contribution to such projects. Under the DEFRA deal with British Waterways, the Department has agreed not to micro-manage British Waterways, and the board has agreed to manage risk and to be accountable for its decisions.

The Select Committee also raised concerns that the long-term financial strategy of British Waterways was constraining its enthusiasm for restoration projects and expansion of the network. This again brings me to the need to make hard choices. When planning its activities, British Waterways must consider financial implications. It needs to keep it in mind that, unlike regeneration projects adjacent to the existing network, it rarely owns the land alongside restoration projects and such projects rarely produce new income streams. They tend to go to local communities and councils.

Some of the projects that have we seen are the Manchester, Bolton and Bury canal, the Liverpool canal link, the Droitwich canals and the Bow Back Rivers construction at the new Prescott lock, which I hope to visit shortly. Even if it cannot make a direct contribution to restoration work, British Waterways still does all that it can to facilitate restoration projects.

In conclusion, we can be proud of what has been achieved over the past 10 years. This debate shows the passion that is still there and the need to drive forward on maintenance and, where we can, on expansion and further restoration. I thank my hon. Friend the Member for Staffordshire, Moorlands for securing this debate at such an early point in my ministerial career. I welcome it very much, as well as the enthusiasm and knowledge of Members. Our waterways will continue to deliver a full range of public benefits, and I am determined that the public will continue to enjoy those benefits now and in the future.

I assure Members that I have made assiduous notes on concerns that I have not been able to address in detail, and I will certainly take up invitations and offers of occasional meetings with Members.

NHS (Bromley and Orpington)

12.30 pm

Mr. John Horam (Orpington) (Con): As the Minister will be aware, this is the second time that I have asked for and succeeded in getting an Adjournment debate on this issue. I called for this debate, first, because there is still a great deal of concern locally about the problems of Bromley and Orpington hospitals and, secondly, because the Government should be aware of that concern at ministerial level, because they have to play a significant part in the resolution of these problems if they are to be resolved satisfactorily. My colleagues, my hon. Friends the Members for Beckenham (Mrs. Lait) and for Bromley and Chislehurst (Robert Neill) supported me in calling for and getting this Adjournment debate because they, too, are concerned about the situation in our local hospitals.

Before I say anything else, I should say that I believe that the Bromley Hospitals NHS Trust is full of dedicated people who are doing fine work. *[Interruption.]* I am glad to see the Minister nodding. My sole concern is to see that they are put in a management and financial framework where they can be as good as they aspire to be, both from their professional point of view and with regard to the interests of the people of Orpington and Bromley.

I am always anxious to help the Minister give satisfactory replies. I want to summarise my five requests at the beginning of my speech rather than at the end, in the hope that this will further help him to come up with satisfactory answers when he replies. First, I want to see the merry-go-round of short-term six-month appointments at the top of the Bromley Hospitals NHS Trust management ended and a proper management team appointed with at least a three to five-year view. I have been saying that for a long time and it is time that the Government took notice of that fundamental point.

Secondly, the question of the treatment centre at Orpington should be considered not solely from a short-term financial point of view, dealing with making short-term financial savings, but from the point of view of clinical requirements, particularly taking into account that the Princess Royal university hospital has for years been working at total capacity—well above the 85 per cent. capacity that is considered optimal. Orpington treatment centre can make a contribution to achieving that aim.

Thirdly, the trust should be given challenging, but not impossible, financial targets. In that context, bringing down last year's £18.5 million deficit to zero in one financial year was always unrealistic, although I accept that that was embraced by the interim chief executive. Fourthly, providing that the trust makes progress—I do not want to let it off the hook in making progress on dealing with the operating deficit—the Government should be prepared to make a financial arrangement that allows it to deal with its £100 million of overhanging debt, and with the structural and financial problems arising from the private finance initiative.

Fifthly, I hope that the Government will be sensible about asking Bromley to meet the national target of 18 weeks for referral to treatment, which all trusts are supposed to meet by December, given that the starting point for Bromley Hospitals NHS Trust at the moment is that that standard is met in only 57 per cent. of cases. It is asking a huge amount of the trust to go to 100 per cent. in the next two or three months.

[Mr. John Horam]

Those are my five requests that I want the Minister to focus on in his reply to my speech. The main hospital in the trust is the Princess Royal university hospital, which was opened seven years ago as one of first PFI hospitals. Also in my constituency is Orpington hospital, which is very much older but which, five years ago, had a treatment centre built for elective orthopaedic surgery: knees, hips, hands and feet, and so on. That treatment centre had an additional theatre built only two years ago, which was opened by the current Secretary of State for Defence.

The Minister was in Orpington yesterday, I think. I do not know whether he had the opportunity to visit the treatment centre at Orpington hospital. *[Interruption.]* He says not and I understand why; diaries sometimes prevent such things from happening. None the less, that would have been an opportunity for him to see in situ what an excellent facility this is.

Bromley Hospitals NHS Trust has accumulated a deficit of £100 million. Last year it lost £18.5 million as an operating deficit. The trust commissioned a report from an independent expert in financial management, Mr. Michael Taylor, into how it got into this mess. That report, which was published recently, is, I am afraid, damning and spares no one: not the previous management, the board, the primary care trust, the London NHS or the Government. One saving grace was that the previous management's passion for high clinical standards was applauded.

I want to focus on the handling of the proposed closure of the Orpington treatment centre, since that is causing great concern in Orpington and because it is an example of how things are going wrong. As I have said, the Orpington treatment centre was opened five years ago; it has been universally praised and the theatre was expanded two years ago as a consequence of its success. The centre meets all the Darzi requirements for having elective surgery quite separate from acute and emergency services.

As the Minister knows, under an exercise called "A picture of health for south east London", it is proposed that the centre should, despite its success, be transferred to Queen Mary's hospital, Sidcup, which may be losing its accident and emergency department under that same exercise. It was expected that it would be two or three years until that proposal became operative. In March the Bromley Hospitals NHS Trust said that it would like to keep the treatment centre open in Orpington. However, in July, which is not that long ago, the new interim chief executive said that the Orpington treatment centre should be closed. A press statement said:

"Incoming Chief Executive Michael Marchment has pledged to make savings whilst maintaining high quality patient care: 'We can close operating theatres without having an impact on patient care by improving the way that we work. The most efficient way of doing this is to close three theatres at Orpington Treatment Centre and bringing the staff and equipment to the Princess Royal University Hospital'"

not, it may be noted, at Queen Mary's, Sidcup, but at Princess Royal university hospital. The press statement continued:

"Bromley Hospitals is in discussion with staff about the closures which will be in place by the autumn."

I think that the trust suddenly realised that it was possibly not taking account of the consultations under "A picture of health", because on the following day a further press notice was issued:

"However, we recognise that such a move will require discussion with staff, and Bromley Council Health Scrutiny Committee, and possibly consultation."

I think that there were some quick second thoughts there.

It seemed then that the centre was going to close in the autumn. At that point, one of my constituents, Mrs. Julie Mott, started a petition that has gathered nearly 19,000 signatures, which is a huge number, as the Minister will be aware, given the numbers of signatures gathered in such situations. I have nothing but admiration for Mrs. Mott and her supporters, who have truly performed a public service.

There were second thoughts and we learned that the treatment centre closure was postponed until January 2009. When I rang the chief executive of the primary care trust, not 10 days ago, he still thought that it was closing in January. However, we learned subsequently that the closure was going to be brought forward again, to 30 November. There was consternation about that and, once again, the date was revised. Mr. Marchment has said in a letter to me that the closure would not now take place until well into the early part of next year.

A press statement yesterday went further and said that the treatment centre will not close until 31 March. Obviously, I wholeheartedly welcome that decision to postpone the precipitate closure, but there have been four decisions in four months on when the centre will close. That smacks of incompetent management that is not in control. One can hardly imagine how the situation could have been handled worse than it has been. It has created uncertainty, and that is bad not only for staff morale but, I am told, for staff retention, which is extremely important. Clearly, people are concerned about the uncertainty and different decisions being made almost from week to week about when the centre will close. What are they expected to do when teams are broken up and people receive offers from elsewhere? Uncertainty is a matter of great concern.

The reason for the proposed closure is that it is alleged that the treatment centre is losing £1 million a year, and that that will be saved if it is closed. Whenever the suggestion is made to bring the closure forward, the argument is always that closure will save £1 million a year, which would make a contribution to the current year's savings. When it is suggested that closure should be delayed, the argument is that capacity can no longer be met. The original decision was based on the idea that there was enough capacity for the Princess Royal university hospital to meet the needs if the Orpington treatment centre is eliminated.

The capacity point is important. At the last board meeting on 24 October, it was said that 350 patients would have to be farmed out to other hospitals, including Hillingdon, which is a long way from Orpington, to Ilford and to various private hospitals, because they could no longer be dealt with if the Orpington centre were closed. However, I have a copy of an internal memo in which those 350 patients suddenly became 700. The memo is dated 23 October, the day before the board meeting on 24 October, and says that

"in order to meet the 18 week target we will need to substantially increase the numbers of patients on the waiting list that we *are* sending out to the private sector to upwards of 700 patients."

When the board met the day before the memo, it said that only 350 people would be involved. It seems that the board does not know what is going on. The Taylor report accused the board of not knowing what was going on in the hospital, and this seems to be yet another example of that. Things have not improved. Will those "upwards of 700 patients", in the light of yesterday's decision to postpone closure of the Orpington treatment centre, still be sent out to other private and public hospitals? Perhaps the Minister knows. I certainly do not know, and no one in Orpington seems to know.

Clearly, it is difficult for the Bromley Hospitals NHS Trust to meet the financial target of reducing its operating deficit to zero, and to meet the national waiting list target of reducing referral times for treatment to 18 weeks when that is achieved in only 50 per cent. of cases. That is asking the trust to do the impossible. It is almost asking it to do the splits, because the targets are in opposite directions.

Another reason for the treatment centre to remain is that last night, under the "A picture of health" proposals, the statutory joint committee on health overview and scrutiny referred all matters, under the statutory procedures, to an independent review by the Secretary of State. It called for that at last night's meeting, and I draw the Minister's attention to the statement, which he will receive shortly. It says:

"The JHOSC has serious concerns about the recent decision of Bromley Hospitals Trust...to relocate surgical services from the Orpington Treatment Centre to the Princess Royal University Hospital. This option was not included in the consultation document for the A Picture of Health Proposals. BHT took this decision without prior consultation with the public or the local overview and scrutiny committee despite the decision taken by the JCPCT on 21st July 2008 to move these services to Queen Mary's, Sidcup."

There is a clear conflict between the medium-term plan and the trust's immediate decision.

I want to make a few more points before the Minister responds. First, I mentioned the circus of interim chief executives. We have had four; three were there for less than six months, and one lasted slightly longer. That is deeply unsatisfactory. I am always told that the reason is that there is a proposed merger in the air with another trust, or perhaps two trusts, so contracts cannot be sensibly negotiated. On the other hand, if we had taken the sensible view and put someone in place two years ago, they would at least have gone two years down the track, and if they could turn round the mess that the trust is in, they could cope with an additional trust if that is what happens.

Secondly, on consultation, section 242(2) of the National Health Service Act 2006 says:

"Each body"—

that is, hospital trusts—

"to which this section applies must make arrangements with a view to securing, as respects health services for which it is responsible, that persons to whom those services are being or may be provided are, directly or through representatives, involved in and consulted on"

any changes. The minutes of the meeting on 24 July, immediately after the announcement of the premature closure of the Orpington treatment centre, say:

"The Nominated Representative, Health and Social Care Forum expressed concern that the proposal to close theatres at the"

Orpington treatment centre

"was made without consultation with members of the public."

The minutes also state that the chief executive

"proposed to meet with the Local Overview and Scrutiny Committee to discuss the future of the OTC."

That committee will be the relevant committee of Bromley borough council, but that does not meet the requirements of the Act. The council should have been consulted anyway, but the local scrutiny committee should also have been consulted under the national health service legislation. In any case, that meeting did not take place until September, when he originally wanted the treatment centre to be closed.

The people of Orpington and Bromley are intelligent, with a close knowledge of their health services. They want them to succeed, and I suggest that the flimsy consultation was a serious mistake and that that course should not have been followed.

On capacity, independent analysis by the Library shows a strong link between hospital ward overcrowding and the spread of deadly hospital infections such as MRSA and Clostridium difficile. Trusts with a bed occupancy rate higher than the Government's recommended optimum level of 85 per cent. had a much higher rate of both C. difficile and MRSA. Research suggests that in 145 NHS organisations the level is more than 85 per cent., and in some it is more than 95 per cent. The Minister is well briefed on the subject, so I am sure that he knows that Bromley Hospitals NHS Trust has had the highest level of overcrowding and capacity. That should be addressed in any action that is taken.

The latest development is that I and my colleagues received a letter from the primary care trust indicating that the commissioning of acute care is to be merged. It is one of those letters that says that things will substantially change, but that nothing will actually change. One receives those curious bureaucratic letters from time to time, which are profoundly unsatisfactory. Lord Warner will address a meeting on Thursday, which suggests that mergers between local trusts will be proposed. All I can say is that this is the worst possible time for such structural change. People want a calm period and to be allowed to do their jobs properly. In the light of that, I look forward with immense interest, as do the people of Bromley and Orpington, to the Minister's response.

12.49 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate the hon. Member for Orpington (Mr. Horam) on securing the debate, and I join him in paying tribute to NHS staff, especially those in Bromley, whose hard work and dedication across the NHS are delivering a better quality health service than there has ever been. That has benefited not only his constituents, but people across England.

Before addressing the specifics of the changes to the hon. Gentleman's local hospitals, I shall set out the context for those changes. During 60 years of the NHS, society, technology and medicine have changed beyond all recognition. It is important that our health service also changes and evolves to meet those challenges. Today, more and more conditions can be treated and cared for at home or closer to where patients live, in

[Mr. Ben Bradshaw]

their local community. More services are therefore being provided outside the traditional hospital setting. Hospital care itself is also changing. If we go back 20 years, most surgery almost always required days or even weeks in hospital. Today, the majority of surgery is done on an out-patient basis and patients can be at home and in their own bed on the same day.

As medical science has advanced, our doctors and surgeons have become ever more capable of extraordinary feats of clinical care. There is a growing need for that expertise to be located in centres of excellence that bring together specialists from a number of different areas to work together as a single team. Given those wider trends—more community-based care and the need for greater specialism—the old way of doing things, which involved a local general hospital providing most of the care for a population, is not necessarily the safest or most medically effective way to treat patients. That is the context against which the reorganisation of health care in outer south-east London is taking place.

The other important thing that I need to make clear is that decisions on how local services are organised are no longer made by Ministers in Whitehall, and rightly so, but by autonomous NHS professionals on the ground—at least, that is the case in England. I should like to take this opportunity to commend the collaborative approach that has been taken by the primary care trusts and acute hospital trusts involved in the outer south-east London reorganisation. Given the local concerns and in some cases rivalries, it is no mean feat that they have managed to come up with a set of proposals that they believe will not only ensure safe and high quality services for the people of their boroughs, but put the NHS in outer south-east London at long last on a stable financial footing.

The process of drawing up the proposals, which are called "A picture of health", has been led by doctors and other health care professionals and, as the hon. Gentleman is well aware, has involved extensive public consultation. The clear view of the clinicians involved is that, although many services can be devolved further out into local communities, the speciality or complexity of other services means that they need to be concentrated on three sites—rather than the current four sites—to make the most of available expertise. Under the respected surgeon Professor Sir George Alberti, an independent national medical advisory team reviewed the proposed changes in south-east London and said:

"It is obvious that no change is not an option. This has been stressed particularly by hospital clinicians... We support the view of concentrating acute services on fewer sites as soon as possible."

As I am sure the hon. Gentleman is also aware, in July, the joint committee of the four PCTs involved agreed to recommend a variation of one of the four options that had been considered during the public consultation. The Queen Elizabeth hospital Woolwich and the Princess Royal hospital Bromley—his own hospital—will both become major admitting hospitals. University hospital Lewisham will become a medically admitting hospital and Queen Mary's hospital Sidcup will become a borough hospital. That will lead to an enhanced role for his Princess Royal hospital as the major acute hospital that serves the people of Bromley and, more widely, Bexley.

The enhanced services will include improved maternity services, with more options for mothers, such as a midwifery-led maternity unit and the extension of consultant cover for the traditional maternity wards. There will also be an expanded critical care facility, improved specialist rotas for medically ill patients, who will be admitted under a specialist in their condition, and an increase in accident and emergency capacity, including increased numbers of senior medical staff to serve that speciality. The local NHS said that it believed that that solution would deliver the most clinical and non-clinical benefits to local people.

As the hon. Gentleman has said, and rightly so, the NHS in south-east London has faced serious challenges for a number of years. As he also noted, when we announced last week the early achievement of the historic milestone that, on aggregate across England, 90 per cent. of admitted and 95 per cent. of non-admitted patients receive treatment within 18 weeks, Bromley primary care trust was one of only five PCTs in England performing below 80 per cent.; in fact, it was the worst performing PCT in the country. That trust is receiving a high level of assistance from both the London strategic health authority and my Department's intensive support team to resolve those issues. Urgent recovery action is under way with the trust and the local health community. It will be extremely challenging for the trust to improve performance sufficiently to meet the December targets, and for that reason, the plan to repatriate surgical work from the Orpington site to the Princess Royal university hospital in Farnborough has been deferred to 31 March.

I also note, as I am sure the hon. Gentleman did himself, that the Healthcare Commission annual health check, which was published two weeks ago for Bromley Hospitals NHS Trust, rated the trust as only "fair" for the quality of services and "weak" for the use of resources. That is a deterioration in its performance from 2006-07, when it was rated "good" for services and "weak" for the use of resources.

The annual health check is an important independent tool for measuring performance across the NHS and identifying areas for improvement. The Department is working with the Healthcare Commission to take action against trusts that have performed badly, such as Bromley. Any trust that scores "weak" in either quality or finance must prepare an action plan that details the steps taken and further plans to address weaknesses. All of those plans will be monitored and trusts will be revisited in the new year.

Mr. Horam: Does the plan that the Minister says that the Bromley hospitals trust must produce include referring 700 or more patients to private hospitals in the area, or not?

Mr. Bradshaw: I am afraid that I cannot give the hon. Gentleman confirmation of the exact figure; that is a matter both for the acute trust and Bromley primary care trust, which, as commissioner, has the responsibility for achieving the 18-week target. What is important for his constituents is that they get the same quality and speed of service as everyone else in the country now expects. If treating patients within 18 weeks means that Bromley PCT has to refer more patients or give them the choice of being referred to an independent or private

sector provider that is not something that should be sniffed at. That is about delivering high quality care and the 18-week target to his constituents—something that people in the rest of the country already take for granted.

Mr. Horam: On that point, I recognise that giving people an option of where to go for their treatment is not to be sniffed at, as the Minister has said. However, there is concern about whether alternative sources have the right kind of equipment to deal with the complicated hip and knee operations that the Orpington treatment centre has—for example, the laminar flow equipment at Orpington is not available in some of the private hospitals. I do not wish to exaggerate that matter—I am sure that people do their best to give excellent treatment wherever they are—but, none the less, there is a real local concern that the alternative treatment might not be as good as the treatment that they would have received at the Orpington centre.

Mr. Bradshaw: It is not for me to second-guess the decisions that are made correctly by commissioners locally. They will be cognisant of the need to ensure that his constituents get their treatment within 18 weeks, which is something that they should be able to expect and is something that people in most parts of the country already enjoy. However, as the hon. Gentleman rightly says, we must ensure that that treatment is of the highest quality. Many patients already choose alternative providers—for example, independent treatment sectors, voluntary sector organisations and charitable institutions—that give high-quality treatment, including some providers in his area. Indeed, sometimes that treatment is of a higher quality than that of local providers. I do not want to be dogmatic about that matter, because it is right that that decision should be left to his local commissioners in the PCT.

The hon. Gentleman also mentioned the critical report into financial management and governance at Bromley hospital that was published on 25 September. As he will be aware, the chairman of the board has publicly apologised for the corporate failings outlined in the Taylor report. There is now a new board and none of the executive or non-executive members of the board who were identified in that period of corporate failure remain on the new board. The hon. Gentleman will know that, for some time, his trust has been one of the most financially challenged in the organisation and that south-east London as a whole contains the most financially challenged health economies in the country.

The financial position of all trusts across London, including those in south-east London, continues to be monitored closely by the provider agency in NHS London. That monitoring process includes monthly reporting for each trust and escalation meetings between NHS London and the trust if forecasts change. Bromley Hospitals NHS Trust forecast out-turn position as presented in the 2007-08 final accounts was a deficit of more than £17 million, but the forecast out-turn position as presented in the 2008-09 plans is for a £203,000 surplus. As the hon. Gentleman recognised, that will be a challenge, but NHS London continues to work with the trust to look at further ways to save costs and to ensure that plans can be put in place.

There are many more points to which I need to respond, but in the minute that I have left, the most important thing to say is that the trust's new chief executive has a high reputation across the NHS. I urge the hon. Gentleman to take part in the meeting of chief executives on Thursday—all MPs in the area have been invited—and to engage in the discussions taking place about the future organisation of management, which will have a vital impact—

Ann Winterton (in the Chair): Order. We must now move on to the next debate.

Newbridge Memorial Hall

1 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): I sought the debate to draw attention to the restoration of the Newbridge Memo, in my constituency. That extraordinary building, which includes a 1920s art deco cinema, is not a museum as so many other miners institutes have become. It is the living, pumping heart of the town of Newbridge and the surrounding area. It is open seven days a week, and 28 local organisations use it for everything from tea dances to meetings of the Royal British Legion.

The Memo's dance floor is said to be the best in Wales. Over the past eight decades, great names ranging from the Joe Loss orchestra to James Dean Bradfield and Nicky Wire of the Manic Street Preachers have played there—James Dean Bradfield used to serve behind the bar. Tom Jones had a pretty rough time when he sang there at the start of his career. One of the Memo's bouncers went on to become head of news at ITV. Ricky Valance, the first British singer ever to have a number one in the United States, with "Tell Laura I Love Her", is a local lad and performed at the Memo only last year.

The Prince of Wales visited. He asked that his visit be extended to more than two hours and said that he would come back to reopen the Memo when the restoration was complete. The Memo was runner-up in the final of the BBC's "Restoration" programme. Hundreds of Newbridge folk marched behind members of the local colliery band and others to Hampton Court palace for the final. The Memo is no royal palace, but it is the palace of the valleys. Ruth Madoc, the actress, named it that when asked where her palace would be if she were Queen of Wales. She said, "The Newbridge Memo." The Memo was used as a key location for the shooting of the film "Very Annie Mary". "Flick", starring Faye Dunaway, was partly filmed there, and last year it played host for the filming of a full-length episode of "Doctor Who".

The Memo or, to give it its full name, the Celynen collieries institute and memorial hall was built and paid for by the pennies of miners and their families. It was built in memory of the boys from Newbridge who went to the great war of 1914 to 1918 and never returned. The name of every serviceman from the town who answered the call to serve our country is listed on the walls of the Memo—not just those who gave their lives, but everybody who was ever called to the colours from that town. I think that that is probably unique.

After such a build-up, one might ask, "Why this debate?" Well, the answer is simple. The Friends of Newbridge Memo need money to carry on the restoration. They need £4.9 million to start and they have been turned down by the Heritage Lottery Fund. Let me say at this stage that I am very disappointed that no Minister from the Department for Culture, Media and Sport, which after all is the Department responsible for the HLF, could be bothered to reply to this debate. However, I am hugely encouraged by the presence of my constituency next-door neighbour—he represents Caerphilly—and good friend the Under-Secretary of State for Wales. Although the Wales Office has no direct responsibility for this matter, I know that, with him and the Secretary of State for Wales, my pleading will not fall on deaf ears.

Hywel Williams (Caernarfon) (PC): I am very glad to be able to pledge my support for the cause. People throughout Wales took an interest when the Memo was on television. It was an interesting programme and it was very disappointing that the Memo came second. Does the right hon. Gentleman share my disappointment that so much lottery funding is being diverted from Wales? The sums required in this case could easily be met from the £107 million that I understand has been diverted from Wales to the Olympics.

Mr. Touhig: I will certainly come to that point shortly. It is a matter that I wish to develop in my argument.

Both Ministers in the Wales Office come from true working-class stock and know only too well the debt that we owe the mining communities of Wales. Just as the whole community came together to build the Memo in the first place, they now rally behind the Friends of the Memo and their chairman, Howard Stone. The Friends of the Memo are all volunteers. All give endless hours of their time and all make a contribution to the quality of life of the people of Newbridge that is beyond measure. Their last application was turned down by the Heritage Lottery Fund, but they have not been deterred. They have already embarked on a second bid with determination and grit. My worry is whether the pot will be empty when their bid goes in. So much money for good causes has been diverted to the 2012 Olympics—as I well know as a member of the Public Accounts Committee—that I fear the cupboard will soon be bare.

The permanent secretary at the DCSF and David Higgins, chief executive of the Olympic Delivery Authority, appeared before the PAC on 14 November 2007. The PAC was told that the national lottery fund would have to contribute £2.17 billion to the Olympics—an increase of £675 million. Surely that cannot be good news for projects such as the Newbridge Memo, which need lottery funding so badly. We heard in the PAC that a £5 billion error had been made in estimating the true cost of the Olympic games, and the national lottery—or should I say worthwhile projects such as ours—will pay the price for that error. I am concerned that the Heritage Lottery Fund will be squeezed, that people who work hard to restore amazing buildings such as the Memo will become discouraged and that those worthwhile projects that celebrate working-class history will be lost for ever.

The 2012 Olympics will, I am convinced, be a time of great celebration and success for this country, and I want the Olympics to succeed, but I hope that those celebrations will not leave a bitter aftertaste for the Memo if our further bid is to fail. The truth is that funding for causes such as the Memo has been pillaged to help the Olympics and that has to stop now. Today, I am seeking a cast-iron assurance from the Government that no more lottery money will be siphoned off, thus putting projects such as the Memo restoration at risk.

I said earlier that the Memo was the palace of the valleys, and so it is, which makes me wonder: if it were a royal palace or a great family's stately home, would it be treated better by the Heritage Lottery Fund when bidding for money? This palace celebrates the history not of

royalty or great families, but of the working class of Britain—the people who put the word "Great" into Great Britain. Sadly, many people no longer have an idea of how important coal mining was to the communities that we grew up in. It is important that the restoration of the Memo goes ahead, because for some of us it is our last link to the historic past of the valleys in which we were born.

It is important to support the social and historical heritage of working people embodied in such places as miners institutes. They are fast disappearing from our towns and villages. If we want to prevent that, we must ensure that when restoration projects are proposed, the funding bodies give a fair share to those projects as they do to stately homes, palaces and castles. Many of those institutes have either gone to rack and ruin or become one of the many faceless Wetherspoon's pubs that we see throughout the country.

I am determined, as are the Friends of the Memo, that we will not let that happen to the Newbridge Memo. Even though the Memo lost out on the £3 million prize from the "Restoration" programme, they made an application for £4.9 million to the Heritage Lottery Fund. Following advice from the officers of the HLF to turn the restoration into a two-phase project, they made an application for £3.2 million, which was turned down by the HLF trustee board.

I met Jennifer Stewart, head of the Heritage Lottery Fund in Wales, following the failure of the last bid, and I was told that there was nothing wrong with the bid but the Memo lost out because there was just £6.5 million left in the pot because of funding having to go elsewhere. I thank Jennifer Stewart and her team, because they have been very encouraging and supportive to the Friends of the Memo, who, as I said, are all volunteers. I spoke to her only this morning, and she told me how impressed she had been that the Friends of the Memo, having been turned down by the HLF just recently, have come back determined to fight back and make a further bid. They have a very positive approach. Jennifer Stewart is encouraged by that, and so am I. What concerns me, however, is the criteria used by the Heritage Lottery Fund when judging bids. Indeed, when I asked that very question of the Secretary of State for Culture, Media and Sport, I was told:

> "The Heritage Lottery Fund assesses all applications against its strategic aims. In addition, the Heritage Lottery Fund considers project planning and delivery, projects costs and partnership funding, long-term viability and value for money."—[*Official Report*, 15 September 2008; Vol. 479, c. 2024W.]

Does the Newbridge Memo not have long-term viability? Of course it does. Does it not give value for money? Yes, of course it does.

I am sorry, but I still do not understand how the Heritage Lottery Fund can decide that one project should be judged more worthy than another. Perhaps it should apply common sense—although I remember my mother saying to me as a lad, "Son, in life you'll find that sense isn't that common." A little common sense should be applied, so that if two projects of equal merit are being considered, preference or added weight ought to be given to projects in county boroughs such as Caerphilly—I share the borough with my hon. Friend the Minister—that have not had their fair share of lottery funding.

The Memo has probably had one of the highest profiles of any heritage project restoration in Wales. I am sure that the hon. Member for Caernarfon (Hywel Williams) will confirm that. It is seen in headlines almost every week. However, the popular vote seems to count for nothing for the trustee board of the Heritage Lottery Fund. The borough of Caerphilly has had just 38 Lottery awards, totalling £566,000. It is the second lowest supported area of Wales. We have been let down. All we want is a fair share so that that wonderful project can go ahead.

In a couple of weeks, we will be marking the 90th anniversary of the end of first world war. The historical importance of the Memo needs to be recognised, of course it does; but more important is the fact that the Memo is no museum. It is the very heart of a very special town. The people of Newbridge and the Memo deserve better treatment with the new bid. I hope my that my hon. Friend will have something encouraging to say. I invite him and the Wales Office to stand shoulder to shoulder with me and the community of Newbridge as we make a renewed bid for funding to restore the Memo. It is a palace for the valleys—a palace for working people to enjoy and celebrate. It deserves a great future.

2.12 pm

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): I congratulate my right hon. Friend the Member for Islwyn (Mr. Touhig) on securing this debate and on his tireless campaigning for the restoration of the Newbridge memorial hall.

On Friday evening, I chaired a public meeting in my constituency of Caerphilly—as my right hon. Friend said, I am a neighbour of his—the purpose of which was to encourage members of the public to join together to save the Caerphilly workingmen's hall. In giving guidance to the meeting, a speaker from the Coal Industry Social Welfare Organisation went out of his way to pay tribute to what had happened in Newbridge. He said that it was a good example to follow and a model of good practice. That is certainly true: the community as a whole pulled together in support of the Memo. We should all take note of the fact. It is something of which to be proud.

The Newbridge memorial hall and institute—the Memo as its affectionately known locally—is an historic expression of the collectivism that made the south Wales valleys truly special. It was paid for by the local miners; and it was, and remains, one of the finest statements of south Wales when coal was truly king. Not only did it have a fine library and reading rooms, there was also a superb cinema decorated in the art deco style, a large dance hall and four billiard rooms.

On the demise of the coal industry, the memorial hall and institute went into decline. However, because of the vision and hard work of local people, working alongside my right hon. Friend, their local MP, enormous progress has been made in making the Memo the focal point of community life in Newbridge. It is heartening and inspiring to see people in the community working so hard for such a good cause.

I am pleased to say that the hall is once again returning to its former glory—its former central community position. My right hon. Friend referred to the large number of

[Mr. Wayne David]

organisations that now make use of the hall's facilities. A good example is that family events are now taking place there. A Halloween party is due to take place this weekend, and a ghost-hunting event is taking place in November for those of a more open and inquiring mind.

We should not forget the passion and hard work that went into the campaign that saw the Memo winning a place in the final of BBC's "Restoration" programme in 2004. With real dedication and sheer hard work, the Memo saw off some strong Welsh competition from Llanfyllin union workhouse and Cardigan castle, and it came close to winning the final prize. Although it lost in the final to the Old Grammar School and Saracen's Head, a 15th century school building and tavern, in Kings Norton, Birmingham, the Memo nevertheless captured the interest of the nation—including the Prince of Wales. I am pleased to be able to say that members of my family, many of my constituents and I all cast votes with enthusiasm. As my right hon. Friend would say, they voted early and often.

Programmes like "Restoration" have renewed interest and pride in our communities and their history. We only have to think of the time, effort and determination of the campaigns, whether successful or not, to see the pride and dedication that people put into them. Who could not agree that it re-instilled co-operation and hard work across the community? History is made real once again by that collective effort. That is not happening only in Newbridge; it is happening elsewhere in Wales and throughout the length and breadth of the United Kingdom. Indeed, I venture to suggest that the Memo has reinstated the values that had originally paid for and built the hall and institute. In an age when there is always some trouble or story of woe on the news, it is extremely heartening to hear the value of community shining through.

The Memo's importance as a historic structure has been recognised through all that hard work. Cadw, the Welsh Assembly's historic monuments body, has funded the first phase of repair, focusing on the roof and associated works—lead work and waterproofing against the elements. I am told that major restoration works to secure the building and make it the focus of the community will cost in the region of £3 million. The Heritage Lottery Fund has also provided funds through the project planning grant scheme to support the cost of developing specialist reports to help the conservation repair works. Owing to the nature of demand-led funding such as that of the Heritage Lottery Fund and because other projects also required similar sums, it was not possible to fund the Memo project during that funding round.

The Olympic Games have been mentioned. I emphasise that they are not the London Olympics or the English Olympics: they are the United Kingdom Olympics. It is only reasonable to expect all members of the UK, in one way or another, to make a contribution to ensuring that the 2012 Olympics are successful for the whole country.

Whenever we mention the Heritage Lottery Fund, we are talking about intense competition. For example, during the last funding period bids were made that amounted to more than five times the available resources; it is not simply that support is not being given by the lottery. The fact is that such competition is a good thing. People who are enormously enthusiastic are trying to tap into the Heritage Lottery Fund to ensure that their bids are successful. However, in January, my right hon. Friend the Secretary of State for Work and Pensions, when he was at the relevant Ministry, gave a cast-iron commitment that no further lottery resources would be going to support the Olympics. We should take note of that.

Although the Memo's bid was not successful in June, it is important that we recognise that all hope is not lost—far from it. I understand that the Heritage Lottery Fund has discussed the application with the Memo's trustees and the reasons why the bid was not initially successful. The trustees will be submitting a second bid next month for consideration in early 2009. I also understand that an important meeting of the Heritage Lottery Fund board of trustees will be taking place in November and that due consideration will be given to the bid then and afterwards.

Mr. Touhig: On the remarks that the Minister made on further lottery funding for the Olympics, I emphasise that I believe that the Olympics are for the whole country, and we want them to be a huge success. However, if the Prince of Wales can come and spend two hours at the Memo, why is it not possible for officials of the Heritage Lottery Fund, who sit in London to take decisions, to come to look for themselves? I have invited them, but I have not had a positive reply. Will the Minister and the relevant Secretary of State intervene and get those people, who take their decisions far away in London, to see for themselves what a jewel that wonderful building is? It is used seven days a week, so they can come any day.

Mr. David: My right hon. Friend makes a very good point. When I have visited the Memo in the past, I was enormously impressed with the building, but more by the work that is being done there by the local community. I shall give him an assurance that I will immediately make representations to officials of the Heritage Lottery Fund, so that they do not consider the application in abstraction but go down to Newbridge and the Gwent valleys to see for themselves what a good project it is and its well worked-out plans.

Moreover, I am sure that, like me, the House collectively will wish the Memo every success this time around in securing the funding that it needs to return the building to the heart of the community, not as some kind of mausoleum, but as a practical manifestation of the strength of community spirit in Newbridge. I am sure that we all hope that the bid will be successful in the not-too-distant future.

1.22 pm

Sitting suspended.

Chinese People's Liberation Army

1.28 pm

Mr. Ben Wallace (Lancaster and Wyre) (Con): I am delighted to serve under your chairmanship, Lady Winterton, and to have the opportunity to raise this important issue in Westminster Hall.

On 4 June 1989, the tanks of the People's Liberation Army rolled into Tiananmen square. The massacre that followed, according to official Chinese figures, resulted in 241 dead and some 7,000 injured. However, the BBC and students say that there were in the region of some 3,000 dead. At the time, the west was shocked; indeed, Lord Kinnock said that it was a crime against humanity. Ever since, there have been serious question marks against China and its human rights record. Today, China supports arms sales to the Zimbabwe regime of Robert Mugabe, and there was recently an attempt to move arms on to the African continent. It is involved in supplying Iran—up to $7 billion-worth of arms in 2004. More recently, close to the time of the Olympics, we saw a brutal suppression of the peoples of Tibet, and continued persecution of Christians and Muslims in the country.

What did the European Union and the United Kingdom do at the time of Tiananmen Square, and what have they done subsequently? At the time, EU member states got together and passed the Madrid declaration of 1989. The declaration has some important points, which I would like to place on the record. It involved a breaking of diplomatic relations and, effectively, a stronger form of trade sanctions. Included in the declaration was a clear and separate measure, which referred to

"interruption by the Member States of the Community"—

the European Community—

"of military co-operation and an embargo on trade and arms with China."

It could not be said clearer than that. In addition to that, continued resolutions of the European Council—as recently as 2006—have kept in place those measures.

At the conclusion of the EU Council meeting in December 2006, the council reaffirmed its willingness to continue working towards lifting the arms embargo on the basis of the European Council conclusions of December 2004. However, the council continues to have serious concerns about the human rights situation in China and deeply regrets that there has been little progress in a number of areas.

I spoke to an official from the European Commission a couple of hours ago. He agrees that the measure is still in place. He said:

"The measure of interruption of military co-operation and the embargo on sale of arms are part of the same thing. It remains resolutely in place."

For some reason, the United Kingdom has chosen unilaterally to break the embargo. In August, a member of the People's Liberation Army passed out of Sandhurst. That is the same People's Liberation Army that was involved in the massacre at Tiananmen square, and has been involved in suppressing the Tibetan movement. This is apparently all being done, as we saw in responses to parliamentary questions, without the knowledge of Ministers in the Ministry of Defence or the Foreign Office. According to written answers, the MOD officials did not even consult UKRep in Brussels or the Foreign Office. Apparently, the embargo was broken as part of the wider Whitehall initiative to encourage better relations with China.

In order to break the embargo and to allow members of the People's Liberation Army to attend Sandhurst, a safeguard was put in place which said that the training will be kept under review

"and these limited engagements will stop if there is firm evidence that any skills or knowledge we provide have been misused." [*Official Report*, 17 September 2008; Vol. 479, c. 2250W.]

How they will find the individual officer cadets from Sandhurst in the huge People's Liberation Army, in a huge country that is not renowned for its freedom of information and freedom of movement is beyond me.

After a series of parliamentary questions about what the bilateral programme was, I finally received an answer. The programme will include

"senior leadership engagement, high-level command and staff training...disaster management training, peace and support operations." [*Official Report*, 23 October 2008; Vol. 481, c. 474W.]

The total amount of funding allocated in support of the programme for financial year 2008-09 is £465,000.

I cannot understand what the Chinese People's Liberation Army is going to teach us—or what we are going to teach it—on command and staff training. Perhaps we will teach it how to invade an island off its coast that it wants back. When we talk about "junior leadership training" or "peace and support operations", perhaps we will be assisting it in dealing with its troublesome groups in Tibet that it finds so easy to put down. I found that objectionable. At the bottom of that answer, the Minister says:

"I am withholding a copy of the bilateral programme agreement as its release would, or would be likely, to prejudice international relations." [*Official Report*, 23 October 2008; Vol. 481, c. 474W.]

First, we have a right to know what has been signed, especially when it is in contravention of the EU arms embargo. Secondly, we have to ask, "Whose relations could be under threat?" We do not have to look far to realise that our relations with the United States, our closest military ally and trading partner when it comes to military and aerospace equipment, will come under stress.

In a number of speeches dating back to 2005, the Assistant Secretary of State for Political and Military Affairs, John Hillen, cautioned that any action by the EU to lift its embargo on arms to China would

"raise a major obstacle to future US defense cooperation with Europe...I think we can count on it: should the EU lift its embargo, the US Congress will legislate."

I know from representing many thousands of workers in British Aerospace, from travelling to Washington and from my previous life in the aerospace industry that the United States is serious about the steps that it would take should Britain, or the European Union, decide to engage in arms sales and military co-operation that would threaten the important relationship of trust between the United Kingdom and the United States. I have to ask why the Government are following such a line. What are they playing at? We have established through written answers that officials in the MOD did not check with the Ministers. Having spoken to a number of previous Secretaries of State for Defence, they find such an answer to be rather odd because in their experience any agreement to send personnel to military training

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establishments in the UK with the remotest hint of controversy would usually go via a Minister for approval. I find it incredible that the MOD did not check, or engage in discussions, with the Foreign Office—the very body of this Government that is charged with representing us in Europe and at European Council discussions. What we have done is dangerous because a number of countries in Europe have less moral regard and would be very keen to sell arms to China. Therefore, it weakens our case in the European Council that we should not engage in arms sales to China.

I suspect that the Government have been caught with their pants down. Effectively, they were not aware of the details of the Madrid declaration and were happy to play around at the edges. However, that is a dangerous game to play. It is a very silly game to play if we think that we can tinker at the edges with a country such as China. As we speak, it has intelligence operatives in this country trying to spy on our defence industry. On a number of occasions, it has successfully penetrated the US military programme.

Why will the Minister not publish the bilateral agreement and place it in the Library? Why is it that no one in his Ministry knew what was going on at the time and left it to officials? Perhaps he can tell us why he thinks that it is better to upset some of our US allies on this issue? We have a long history of trust in the intelligence and defence communities in the US. At this very moment, US officials are trying to agree a trade treaty to allow British defence firms better and preferential access to the US market at the cost of our European allies. Why pursue this silly measure that will only antagonise our relationship and do no good at all?

1.39 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I congratulate the hon. Member for Lancaster and Wyre (Mr. Wallace) on securing this debate on the United Kingdom's bilateral military engagement programme with the Chinese People's Liberation Army. Judging from his 11 questions of the past six weeks, it is clearly a subject of great concern to him and his constituents, and I welcome the opportunity to put on the record the rationale for our ongoing bilateral military activities.

Following the Tiananmen square massacre in 1989, the European Union rightly registered its disapproval by issuing the Madrid declaration, which included measures such as the halting of military co-operation, an embargo on defence sales, the suspension of bilateral ministerial and high-level contacts, the postponement of new co-operation projects and reduction in cultural, scientific and technical co-operation. However, the China of 2008 is not the China of 1989. We have to take into account the significant social and economic progress that has been made over that period. Infant mortality rates are down; life expectancy is up. There are more than 5 million university graduates a year in China. People are free to choose their own employment. People can now marry whom they wish and travel abroad, and limited elections have been introduced at village and community level. Only the week before last, the temporary regulations that permitted greater media freedom during the Beijing Olympics were made permanent, although only for foreign media.

We still have great concerns about China's human rights record, however, and we regularly raise those concerns—including some of the issues that the hon. Gentleman mentioned, such as Tibet—with the Chinese authorities. We want significant progress in areas, such as political freedom and judicial independence, and we are keen that China should ratify the international covenant on civil and political rights. I believe that we will have more success in influencing China's emergence as a responsible global player through a policy of proactive engagement than by seeking to coerce it through isolation.

Although there has been no formal lifting of the Madrid declaration of 1989, many of the measures have outlived their usefulness, both for the United Kingdom and for other member states. However, the most significant measure, the arms embargo—the hon. Gentleman at one point tried to give the impression that we were selling, or were prepared to sell, arms to China, whereas we are not—remains in force and the United Kingdom is one of its strictest adherents.

Against that backdrop, the bilateral programme that the Ministry of Defence operates with the Chinese People's Liberation Army is coherent with Government strategy and the military programmes of other EU member states and the United States. It recognises that China is a growing regional military power, with a key role to play in the continued political stability of the region through activities such as the six-party talks with North Korea. The programme also recognises that China already makes a significant contribution to United Nations peacekeeping operations and has the potential to offer much more. To put that in context, the most recent United Nations statistics show that China has more than 2,000 military personnel deployed in 10 locations, placing it 12th in global troop contributions and making it the greatest contributor among the five permanent members of the Security Council.

We conduct a programme that comprises a two-way flow of high-level visits, lower-level training events and exchanges. Such activities generate greater knowledge of each other's capabilities, intentions, culture and ethos, which we hope will lead to increased mutual trust and a reduced risk of misunderstanding and strategic miscalculation.

We also try to encourage China to sustain and increase her contribution to peacekeeping operations. However, we recognise that there is a balance to be struck to encourage the development of a military force that is willing to make a positive contribution to global stability, rather than one that might abuse its military strength. Put simply, our engagement programme is designed so that it will not provide skills with any applicability to internal repression or that will upset the strategic balance in the region. That is achieved through our continued adherence to the EU arms embargo, by limiting the scope of the programme and by reviewing the use that the People's Liberation Army makes of the training that we provide.

Our senior leadership engagements develop trust, but they also offer the opportunity to explore possible areas of mutual benefit face to face. The limited command and staff training offered in the United Kingdom exposes senior People's Liberation Army officers to a military

who are accountable for their actions and embrace the international law of armed conflict. Junior leadership training, such as the attendance of cadets at Sandhurst that upset the hon. Gentleman so much, achieves similar ends.

We use the principles set out in the consolidated EU and national arms export licensing criteria to guide us in what support we offer to the Chinese. On that basis, it is appropriate to allow Chinese military personnel on to courses that have direct relevance to peacekeeping operations. Other examples include the border security programme, which facilitates co-operation in global counter-terrorism, and the peace support operations programme, which introduces students to British Army peace support operations doctrine and training. There are also areas of military co-operation that have a clear benefit for the wider global community. An example is the sharing of hydrographic survey data, which offers increased safety to international maritime traffic in the region.

The Chinese offer us reciprocal opportunities to send military personnel to China, although it is difficult to take advantage of lower-level training courses, because the majority are conducted in Mandarin and we have few military personnel with the necessary language skills. However, we send officers to the national defence university's annual international defence symposium, which is conducted in English and includes students from around the world. I am sure the hon. Gentleman, as a former serving officer, will recognise the value of such shared international military opportunities.

The hon. Gentleman's recent questions, which he has brought up again in his speech, highlight his concern that our military activities might be out of step with those of our European neighbours and that—this is a particular concern—we are upsetting the United States of America. That is not the case: our activities and involvement with the Chinese military are very similar in scale and scope to those offered by France, Germany and the United States—all countries with which China has a close involvement. Our defence attaché in Beijing liaises with the attachés of our allies to ensure that our practice remains coherent with theirs, and the programme is reviewed at a regular pan-Whitehall China strategy meeting. We will continue our military engagement unless there is evidence of any misuse of the skills or knowledge that we provide.

The hon. Gentleman alleged—saying that it was dangerous and silly—that we have not consulted our European partners and the United States, or even the Foreign and Commonwealth Office. None of that is true; our engagement with the Chinese Liberation Army is known to and shared with them, as is theirs with us. The suggestion that we risk a major upset with the United States authorities, or with France or Germany, all of which are doing the same thing, is palpable nonsense.

Mr. Wallace: The Minister clearly has not read all the parliamentary answers that he has been given; he has been reading the questions but not the answers. What came out from the answers was that there was no discussion with the Foreign Office or with United States representatives on the issue. The record will speak for itself.

The thing that I find amazing, coming from a Government who are so European-focused about many things, concerns the Madrid declaration: right or wrong, the part of it that is absolutely clear, which specifies the

"interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China",

is not a unilateral option that one can pull out of. If the Government wish to break it—there has been pressure to do so for many years—that must be done together. The European Commission officials to whom I spoke this morning are absolutely under the impression that military co-operation goes hand in hand with the arms embargo. If it is the Minister's intention and the Government's to remove that as well, they should say so.

Mr. Ainsworth: I have made this as clear as I can: there is no intention on the Government's part to remove the arms embargo. We are strict adherents to it. That requirement remains wholly justified in today's scenario. We try to ensure that none of what we offer the Chinese involves any training or transfer of capability that would give them the ability to upset the regional balance, such as the kind of skills and abilities necessary to manage an invasion of Taiwan, which the hon. Gentleman mentioned. That is not within the scope of anything that we do. We do not provide the Chinese with anything that could be used for that or for internal repression.

The hon. Gentleman repeats the allegation that we do not talk to or consult the FCO, despite the fact that he has been told in writing and orally in this Chamber that a pan-Whitehall China forum meets regularly to discuss our engagement with China. Our defence attaché in Beijing is closely aligned and talks regularly with all our allies, including the United States of America, and would make certain that any misalignment of our involvement with the Chinese People's Liberation Army was brought to our attention immediately and addressed.

The hon. Gentleman's concerns are ill-founded. I do not know what his purpose is. If he is trying to stir up trouble between us and the United States, there is really none to be stirred up. I hope that what I have said satisfies him to some degree, although I doubt it.

Mr. Wallace: I am not trying to stir up trouble; I am trying to prevent a threat to our defence industry and our long, historical relationship with the United States. Yet again, I shall read out an answer from the Minister himself. My question was:

"To ask the Secretary of State for Defence what discussions he has had with EU counterparts on the military training of Chinese nationals within EU member states. [224109]."

The Minister's answer was:

"My right hon. Friend the Secretary of State for Defence has had no discussions with his EU counterparts on the military training of Chinese nationals within EU member states."—[*Official Report*, 29 Sept. 2008; Vol. 479, c. 2438W.]

To me, that is a clear answer.

Mr. Ainsworth: The hon. Gentleman read out the answer. The question asked what discussions the Secretary of State has had, not what discussions the British Government have had. If he puts that into context, he will realise that his concerns are—

Mr. Wallace: Will the Minister give way?

Mr. Ainsworth: No, I will not give way again. I hope that my explanation reassures the hon. Gentleman that military engagement with China is properly thought through, appropriate and coherent with our allies' efforts. The fact that a military as large as the People's Liberation Army place such great value on the training, doctrine and experience of our much smaller armed forces reflects great credit on our military. I am sure that he will join me, if not in anything else, in acknowledging our armed forces' deservedly high reputation for military excellence.

Question put and agreed to.

Adjourned accordingly at six minutes to Two o'clock.

Westminster Hall

Wednesday 29 October 2008

[MR. MIKE HANCOCK *in the Chair*]

Victims of Terrorism (Compensation)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Blizzard.]*

9.30 am

Mr. Ian McCartney (Makerfield) (Lab): I am grateful to have the opportunity to debate this important subject and I am pleased to do so under your chairmanship, Mr. Hancock.

I have had the honour of being a Member of Parliament for more than 21 years. During that period, I have spoken in many debates on a large number of issues. Uniquely on this occasion, however, it is an extremely humbling experience to speak on this subject and I am acutely aware of the sensitivities of the families who have lost loved ones due to the acts of terrorists, irrespective of whether their loved one was a member of the armed forces, the emergency services, the police, or whether they were on holiday, at work or going to work.

The pain of losing a loved one is both physically and mentally traumatic. Life for the living is changed for ever. For those who survive a terrorist attack, including many with the most horrific injuries, their courage and determination are such that I find words inadequate to describe my personal admiration for them all.

I am absolutely sure that I speak for the whole House in saying that, whatever the outcome of today's debate, there is an overriding patriotic case for establishing a fund to compensate fellow citizens and their families who become victims of overseas terrorism.

As a constituency MP, I have seen and heard at first hand the suffering, both mental and physical, of innocent victims who are placed on the front line by the perpetrators of terrorist acts. They are not volunteers or conscripts. They are all innocent men, women and children who are abused by the vilest and most cowardly of acts.

As a Cabinet Minister, I was confronted by the realities of terrorism and, for a period, I was appointed a member of the Cabinet Sub-Committee that brought together Ministers and Departments across Whitehall to consider the plight of British citizens who are victims of overseas terrorism and to consider the Bill presented by my noble Friend Lord Brennan in another place on 20 April 2007, the Victims of Overseas Terrorism Bill.

In paying tribute to Lord Brennan and his continuing efforts on this matter, I would like to quote his opening statement in support of his Bill in the House of Lords:

> "The spirit of our nation includes a sense of wanting to help those in need and wanting to right an injustice. In both those characteristics of our national spirit, we are failing the victims of terrorism abroad. For them, there is no system of assistance, compensation or, in simple terms, justice. Wherever the grieving spouse of a victim or an injured person might be, they are in a country abroad, suffering mentally and physically, culturally adrift and often without the means, either financial or organisational, to remedy their predicament." —[*Official Report, House of Lords,* 20 April 2007; Vol. 691, c. 447.]

For me in the Foreign Office, it was just another Monday morning when I was asked by the current Minister for Housing, my right hon. Friend the Member for Derby, South (Margaret Beckett), who was then the Foreign Secretary, to attend a Cabinet Sub-Committee meeting on behalf of the Foreign and Commonwealth Office to consider the Government's response to Lord Brennan's initiative of trying to establish a fund for victims of overseas terrorism.

I will be frank with the House: my brief from the Foreign and Commonwealth Office was first to oppose the extension of the Criminal Injuries Compensation Act 1995 to take account of overseas incidents and, secondly, to oppose any Bill proposed in another place on the grounds that the issues were technically too difficult. Being a person of independent thought, it took me all of five seconds to put the brief in my red box and leave it there.

I knew from my constituency experience that it was a national scandal that nothing had yet been done to assist our citizens—our innocent citizens—who were devastated by terrorist incidents abroad. At that meeting, I argued strongly that there should be equality of treatment for all British victims of terrorism wherever they are attacked in the world.

Victims of terrorism overseas were highly unlikely to receive any compensation through existing schemes or insurance schemes, or from the Government in the countries where such attacks have taken place. Although European Union member states and a handful of other countries do compensate foreign nationals, to my knowledge at that time there was no evidence that any British victims of overseas terrorist attacks had been compensated by the state in which the attack had occurred.

I understand that, in the past 10 years, British citizens have been killed or injured in numerous terrorist attacks across the globe: in Afghanistan; Bangladesh; Egypt; Greece; Bali, in Indonesia; Israel; Iraq; Jordan; the Maldives; Pakistan; Qatar; Russia; Saudi Arabia; Sri Lanka; Spain; Thailand; Turkey; the United States, and in other countries. Sadly, by the Government's best estimates, 190 of our fellow British citizens have died and another 156 have been injured as a result of terrorist incidents abroad.

During the Cabinet Sub-Committee meeting, I set out from my own memory what the Government had done or had committed to do—quite rightly in my view—in furtherance of its counter-terrorism policies. The Government's counter-terrorism strategy is based on a number of distinct strands, which can be summed up in four words: prevent, pursue, protect, prepare. The Government have spent hundreds of millions of pounds on increasing funding in a range of areas: more than £85 million was given to the NHS to counter bio-terrorism; £56 million was given to the fire service for decontamination programmes; a further £132 million was given to the fire service for search and rescue equipment; £49 million was given to the Metropolitan police, and £12 million was given to other national police forces.

The Government have also tightened port, airport and border security; speeded up extradition processes; frozen the assets of international terrorist organisations; increased joint working and intelligence sharing internationally; increased the size of the Security Service, so that it can analyse and act on more information; introduced exercise programmes to deal with terrorism

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scenarios; established chemical, biological, radiological and nuclear resilience programmes; and allocated millions of pounds to equip acute hospitals and the ambulance service against terrorist attacks

Absolutely nothing is left to chance in this wide-ranging programme of investment, restructuring, change of ethos, partnership working and pre-incident and post-incident planning. Sadly, from their perspective a terrorist only has to get it right once; as a country, we have to get it right all the time.

In identifying ways of protecting the UK, however, we are in danger of forgetting the victims of terrorist attacks. Surely, action to assist victims of overseas terrorism is the last piece in this jigsaw of measures that the Government have so wisely invested in.

I agree with the views expressed by Amnesty International that victims of such attacks must have the rights to justice, truth and reparation; that states must not neglect the needs and rights of victims, and must move beyond rhetoric that shows solidarity with victims and ensures in law that the victims are protected, including providing dedicated resources, without discrimination, in recognition of their mental and physical suffering; and that we must understand that no citizen can plan for an attack or, in practice, have the means, either financially or organisationally, to remedy their predicament if they become an innocent victim of a terrorism attack.

At this point, I want to pay a genuine tribute to my right hon. Friend, the Minister. I have known her for more than 20 years and I worked with her for a period when she was a mental health commissioner. For 11 years, we were ministerial colleagues and members of the Cabinet. Above all, however, it is in her role as the Minister with responsibility for humanitarian assistance that I genuinely admire her most. This is a role she has undertaken since the appalling attacks in the United States on 11 September 2001. I have listened to her in Cabinet meetings and in small groups, speaking with passion, compassion, empathy, love and understanding of the most grievous of situations faced by families of the victims and survivors of terrible incidents in London, the United States, Bali, Egypt, Iraq and Turkey, among others. I know that she is deeply committed to the cause of British victims of terrorist incidents and I know that she particularly feels that there is an absolute need for both formal recognition and sympathy from the Government for all those who are victims of these attacks, whether the tragedy has been of a domestic nature or one that has happened overseas. I know that equality of treatment for victims is my right hon. Friend the Minister's personal aim and I genuinely hope that the debate today will assist her in achieving that goal, which she and Lord Brennan have so assiduously campaigned for inside and outside Government.

As I stated earlier, during my time in Government, I was exposed to the reality of the effects of terrorist acts on numerous occasions. The plane attacks in the United States on 11 September 2001 raised the profile of terrorism and brought to the world's attention the horrific nature of such attacks on people who are completely innocent. Sadly, I was in office as Minister without Portfolio during the Sharm el-Sheikh terror bombings in Egypt in July 2005. In that tragic incident, 88 people were killed, the majority of them Egyptian citizens, and more than 200 other people were wounded by the blasts. 13 British citizens died in the attacks. It was the worst terrorist incident in Egypt's history. But it, like all overseas terrorist attacks, returned to the house in the street, village or city where the victims came from. Sharm el-Sheikh came to my town, Ashton-in-Makerfield. A matter of hours after the terrible atrocity, Sharm el-Sheikh was on the lips of every person in my community.

My constituents John Green and his son were in one of the hotels hit by the bombers on that fateful day. Mr. Green and his son were on holiday, enjoying the summer sunshine on the Egyptian coast. On the night of the bombing, Mr. Green and his son decided to retire to bed, as they had a father-and-son trip planned for early the next day and wanted to get some well-earned sleep. Not long after retiring, a truck bomb blasted through the reception area of Mr. Green's hotel, killing many innocent people. Some of those killed were his friends who had been socialising with him only an hour or so before the blast. After the bomb went off, guests were evacuated from the hotel. Mr. Green sheltered his son's eyes from the horror of the surrounding scene, which was caused by the huge blast. Then, he bravely went back in to the hotel, trying to help blast survivors to get out and receive medical attention. What he saw when he returned to the hotel is far too horrific for me to describe in this Chamber. The images still haunt him to this day.

Mr. Green and his son were helped by the Red Cross and the Foreign and Commonwealth Office to return home to Ashton-in-Makerfield. But that is where the help ended. Mr. Green quickly discovered that his insurance scheme did not cover terrorist incidents, and that he was not eligible for any compensation from his insurance company or from the Government. This distressed him a great deal. Worse still, being self-employed, there was no mechanism for him to take sick or compassionate leave, so, despite suffering from extreme trauma, as his child was, he had to return to work straight away. To keep his family income going, he returned to work when he should have been recuperating from his horrific experience. There was nothing else he could do, and that is utterly and completely unacceptable—in all circumstances.

The help that Mr. Green was given in Egypt was excellent in terms of the care and the understanding that he received from Government officials and Red Cross workers. But, he believes it to be a national shame that on his return to the United Kingdom, there was no financial aid to ensure that he and his son could maintain their lives while they tried to come to terms with what they had seen, and to put their shattered lives back together.

Trevor and Jill Lakin's 28-year-old son, Jeremy, from London, was killed in the bomb blast in Sharm el-Sheikh, along with his girlfriend, Annalie Vickers. His parents have been emotionally devastated by their deaths, as have his two brothers, and neither Jill nor Trevor has returned to full-time work. Their insurers paid for the repatriation of the bodies, and Trevor and Jill's original travel expenses to Egypt were paid by the tour operator and insurers, but, because of the terrorism exclusion clause in their son's travel policies, there was compensation neither for his loss of life, nor for his girlfriend's. I pay tribute to Trevor Lakin, who has assiduously campaigned on behalf of other victims. I understand that he was

present at an event organised by the Minister's office earlier this month to promote engagement between Government and the insurance industry on the establishment of a compensation scheme.

Another case involves Glenn and Ian Shadbolt, from Midhurst, West Sussex. Glenn was badly injured in the Sharm el-Sheik attack on 23 July 2005, and, as he was in critical condition, he was flown to Cairo. After three days he was flown to London, where his wounds were found to be badly infected, and he required seven and a half hours of emergency surgery. Glenn suffered chest, arms, face, neck and eye injuries. He was transferred to Moorfields eye hospital for a further four and a half hours of surgery on his eyes. He has since lost the sight of his right eye, and he spent three weeks in London hospitals.

No financial aid was given to Glenn's parents, who had to provide themselves with accommodation in London. Glenn also lost all his belongings and has not received any insurance payment. He has used all his savings and is now in debt, with little hope of being able to repay the loans. Glenn continues to have glass removed from his body as it gradually comes to the surface. Sadly, there are many more cases, and I want to apologise because in the limited time available, I am not able to outline other victims' cases, all of whose losses have been extremely grievous.

Trying to understand grief and loss is very difficult for people who have not experienced that situation. I thank the hon. Member for Bournemouth, East (Mr. Ellwood) for coming to today's debate, as I know from his experiences how difficult this issue must be for him. I lost a child—not through terrorist activity, but I lost a child—so I know what it is like to focus on the life lost, but at the same time to try to cope with the loss of the life that was to come. We can try as hard as we can to cope with the death, or the reality of the death, but all that was to come—all our hopes and aspirations—has been wiped out, too. The friendship and companionship; the experience of simply growing up with one's child and helping them to be the best that they can be; the loving relationships; the possibility of grandchildren; the birthdays and holidays yet to come; the opportunity just to be there for each other; hearing their voice and feeling their touch; their smell, their laugh and their smile—all are lost, and lost for ever. Hope is replaced by simple hopelessness—the feeling of being powerless to change anything. All those feelings are the feelings of the survivors, but, in addition, they find that they are rejected by their own nation, simply because the loss that they suffered was in a place far away from the shores of their homeland.

In all circumstances, that cannot be right. It is indefensible and needs to change. The Bill of my noble Friend Lord Brennan sought to make provision, first, for advice and assistance to victims of acts of terrorism taking place outside the United Kingdom and, secondly, for arrangements under which insurance is made available to individuals in respect of risks against injury resulting from acts of terrorism taking place outside the United Kingdom. It was an eight-clause Bill, dealing with issues such as advice and assistance, arrangements with insurers, overseas terrorism awards scheme, the basis on which compensation would be calculated, how to claim the awards, reviews and appeals procedures, and the relationship between the criminal injuries compensation scheme and the potential overseas terrorism awards scheme.

Lord Brennan's Bill sought to address many questions of principle, and he eloquently raised many of the issues that I shall speak about today. He highlighted the importance of travel insurance, the need for a focus on consumer awareness of travel insurance policies, and ensuring that policies that offer cover in the event of a terrorist attack are available. I know that my right hon. Friend the Minister agrees with that, and I am sure that she will set out her views in response to the debate.

Lord Brennan further proposed the principle of the Government reinsuring terrorism risks. This practice exists and is well known to the Government in relation to terrorism and terrorist attacks. For example, following the IRA bombings in the City of London, the Pool Reinsurance Company scheme was established, which, over the years, has grown significantly and is designed to be used in the event of terrorist attacks on buildings in the City of London. Without tempting fate, the threat of IRA attacks has receded owing to the changing political landscape in Ireland. However, al-Qaeda and other terrorists have, no doubt, a miserly, fanatical and dangerous eye on the City of London, its citizens, its workers and its infrastructure. Although the funds do not belong to the Government, there is a direct relationship. The Government helped to put the scheme in place and they act as the guarantor of last resort. As a consequence, the Treasury receives income from the interest that the Pool Re scheme generates from its £1.6 billion of assets. If the Minister knows, perhaps she will tell us about the interest income that the Treasury receives from that £1.6 billion investment. If she does not, perhaps she will write to me.

I believe that there is sufficient good will and wriggle-room to engage the City and the Treasury in finding a way of deploying some of those resources to assist our hard-working citizens, who become the front-line victims of fanatical terrorists. Unfortunately, without Government support, my noble Friend's Bill could not find a passage from the House of Lords to this place, so, sadly, it did not make it on to the statute book.

It is not for me to steal my right hon. Friend the Minister's thunder, but no doubt she will outline all that the Government have done since our meeting on 30 January, and, in particular, her efforts since my noble Friend's Bill was proposed in the House of Lords on 20 April 2007. However, her esteemed efforts have so far failed to secure Treasury agreement—even in principle—to the establishment of a compensation fund. To assist the process, following the meeting that I had with her and her officials on 30 January, which included the head of the consular crisis group and the deputy head of the humanitarian assistance unit, I wrote to my right hon. Friend the Chancellor on 19 February.

In my letter I asked the Treasury to agree a mechanism that would, I hoped, create a fund similar to the one managed by the Home Office for victims of terrorism in the United Kingdom, and to include a commitment in the then upcoming Budget to create a fund to compensate British citizens who become victims of overseas terrorism. Unfortunately, I was advised that the work of the

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humanitarian assistance unit and Treasury officials had not yet been concluded, and that therefore at that point the Government could not

"consider making any announcement of a new compensation mechanism".

I would like to pass on my continued thanks to the Minister's humanitarian assistance unit. I know that its members are absolutely dedicated and committed, not just as civil servants but as human beings, to resolving this issue. They have been extremely helpful to me and my office, and I want to place that on the record.

Basically, the response from the Chancellor of the Exchequer's office was saying, in a polite way, "So far—no further forward." I believe that either today or as soon after today as possible, the Government should set out a way forward. Victims and their families have been waiting such a long time. They have said much about their concerns, and have bravely campaigned for the recognition that this scheme would provide for them. The one thing that I and they all fear, as does my noble Friend Lord Brennan, is that there will be another atrocity involving innocent British citizens and the cycle of violence and non-recognition will continue.

I therefore propose a potential way forward. There should be an agreement in principle to establish a scheme and possibly for that to be announced in the pre-Budget report. We need a timetable to conclude discussions between the Government and the travel insurance industry and to establish a scheme with costs being met on a shared basis. My noble Friend Lord Brennan proposed a 50:50 split. I do not say that at this stage—it should be a matter for negotiation. However, a scheme could be established by the proportion of the market insured by the industry—for example, 87 per cent.—with the Government picking up the remaining uninsured section. According to market analysts, at the moment that would cost the Treasury about £330,000 per year. That is thousands, not millions, of pounds per year to establish and develop the fund.

In establishing a new scheme, we should also look at the issues associated with retrospective measures to assist the 190 families of the victims who have died and the 156 victims who have been injured in the last 10 years by terrorist incidents abroad. In 2007, market penetration for all travel insurance was 87 per cent., which implies that 13 per cent. travel uninsured. Twenty million people per year are estimated to buy travel insurance. In 2006, the premium income from the UK travel insurance market was valued at about £709 million. That is forecast to rise, even in current conditions, to at least £838 million by the turn of this decade. That figure puts into stark reality how little we are talking about in terms of known managed risk.

My noble Friend, Lord Brennan, speaking in another place, said:

"I shall make two points about the insurance industry. If there are 10 million holidays to countries that do not have systems of compensation that we can call upon and we say that the average premium is £15 or £20, that is touching £100 million for the two-thirds of the 10 million who might take out a policy. Out of that £100 million, our Government takes 17.5 per cent. insurance premium tax, which is £17.5 million. They are acutely aware of the value of the travel insurance market. There are six national insurance firms providing cover, and they must be doing so on the basis that it is economic, it covers the risk and there is a reasonable premium to be charged. So this is a case not of insoluble complexities but of a meeting"—[*Official Report, House of Lords*, 20 April 2007; Vol. 691, c. 462.]

He then proposed a meeting between the Government, the insurers, the British Insurance Brokers Association and all interested parties in order to come up with a solution. I am sure that my right hon. Friend will inform the House of progress in the discussions between the Government and the insurance industry.

At this point I would like to thank Lovells, acknowledge the personal briefing that I received before today's debate and recognise the pro bono work that it carries out on behalf of the victims of terrorism. I also thank Amnesty International and Liberty for communicating with me with substantive, excellent background papers, and the Association of British Insurers for its helpful note on insurance issues.

It would be wrong not to acknowledge that there has been some movement in recent years to recognise the need to establish funding for UK victims of overseas terrorism. I have no doubt that my right hon. Friend the Minister will set out in detail how the Government have assisted the British Red Cross in setting up a charitable fund for the victims of terrorism overseas. However, the sums are small indeed: between £3,000 and £12,000, and it is not a compensation scheme.

Having set out a plan of action, it would be remiss of me not to, at the very least, give some examples of what compensation schemes would look like in terms of cost. No longer being a Minister, and having no inside knowledge of the Treasury, I am not privy to any financial modelling that has been or is being done to evaluate the cost of compensation schemes, borne either wholly by the public purse or by my suggestion of a shared cost between the public purse and the insurance industry.

It is extremely difficult to predict how many people might be affected in years to come, so the likely cost of such a scheme is hard to calculate. Tragically, however, we have previous incidents from which to gauge what could be payable to UK victims utilising either the Criminal Injuries Compensation Act 1995 tariff, or the more generous level offered to the 7 July victims by the London Bombings Relief Charitable Fund.

In 2005, the Sharm el-Sheikh attack affected 25 of our fellow citizens; 13 died, three had severe injuries, five had permanent injuries, and four had short-term injuries. Using those four categories and a number of legitimate assumptions regarding matters such as the cost of fuel expenses, special care and loss of future earnings, the Treasury and the humanitarian assistance unit would be able accurately to assess potential awards. In the case of the 7/7 victims, several awards reached the maximum cap of £500,000. For the similarly tragic incident in Sharm el-Sheikh, absolutely nothing was received in recognition of the tragic loss of loved ones—that is, in terms of the financial loss; the human loss is incalculable.

At the Cabinet Sub-Committee meeting that I attended on 22 February 2007, there was much in the briefings about the technical difficulties surrounding the establishment of a scheme. It is, in the light of my experience in Government, the intent to overcome detail that is the determining factor in whether a decision will be implemented. No issue that I dealt with in my 11 years as a Minister could have been seen through without willingness and intent to provide the capacity and resources

to overcome detail. Sometimes detail is a mere fig leaf of an excuse—to put off or simply refuse to take the necessary action.

Let us be clear, we are talking about our fellow human beings—our fellow citizens who have been killed, had limbs shredded, been blinded, burned and maimed. As a consequence, their whole lives have been destabilised. For those who are killed there is no life at all; for their loved ones, it is a life devoid of a loving relationship, of a father, a mother, a son, a daughter, a brother, a sister, or the dearest friend they could ever have had. We must not continue to compound that loss by failing to act this time. If the Americans, Australians, French, Italians, Finns, Swedes, Israelis can find a way through the detail and complexities to provide cover, why can we not? Ours is a Government who in recent weeks have brought forward proposals that have saved the world's international financial system, yet they find it so difficult to recognise this wrong and make it right.

I conclude by saying that in the second world war, when London was subjected to a savage attack during the blitz, the Prime Minister, Sir Winston Churchill, said that it was unfair for British society to place the entire burden of the destruction on those unlucky enough to be hit. It is equally unfair not to compensate and assist those killed or injured by terrorism abroad. We rightly give assistance and compensation if terrorism occurs in this country, and not only to our own citizens, I am proud to say, but to the citizens of other countries who visit our shores and are affected by terrorism here. I therefore urge my right hon. Friend the Minister to act now in bringing the insurance industry and the Government together, to establish as soon as possible an agreed scheme.

Mr. Mike Hancock (in the Chair): I thank you, Mr. McCartney, for making that compelling and compassionate speech.

9.59 am

Richard Younger-Ross (Teignbridge) (LD): I congratulate the right hon. Member for Makerfield (Mr. McCartney) not just on securing this debate but on delivering a speech that was full of passion and detail. I certainly found his arguments compelling. I hope that the Minister and those who read this debate will also find the arguments compelling, because there is a proven need for the kind of scheme, without going into the detail, that the right hon. Gentleman proposed.

Indeed, in 2005, the Prime Minister, Tony Blair, said that he would consider setting up such a scheme. It is a shame that almost four years later we seem to be no further forward and that schemes proposed in the other place have not received Government support.

Ten million Brits travel to countries outside Europe and the USA that are not covered by schemes. Some of those people will have insurance, some will not. Some will think that they have insurance but then discover when they try to claim that they do not because the policy excludes acts of terrorism.

It seems a shame that, whenever someone from this country leaves these shores, the Foreign and Commonwealth Office seems to want to wash its hands of them. It is as if they shake the sand off their shoes and leave everything behind. We have good consular services, and I do not question what the FCO is able to achieve for people who have difficulties when they are abroad. However, there seems to be a difference between the attitude of this country and that of other countries. The countries that set up schemes show a desire to protect their citizens anywhere in the world rather than just within their own shores.

The current Prime Minister has asserted his Britishness. He has spoken about it. I would hope that his Britishness is not bounded by the shores of this country but that it embraces all our citizens, wherever they travel around the world. As the right hon. Member for Makerfield said, we have a Prime Minister who seems to be capable of understanding very big numbers, but schemes such as this involve very small numbers. It is the negotiation around who pays the small sums that seems to cause so much difficulty.

It was said in a debate in the other place that travellers should have their own insurance. I have travel insurance. I have a specific policy and believe that I also have two others: I have a bank account that I am told gives me a level of travel insurance, and a credit card which I believe does as well. I could not say whether any of those three policies would cover me for an act of terrorism; for example, if I had been in the bar in Bali or Sharm el-Sheikh and had been a victim of those terrorist attacks. I suspect that any hon. Member in this place would struggle to say what cover they have under their insurance. Some will know because they religiously go through all the detail, but most of us do not, because we do not have time to do that. We have travel insurance and therefore think that we are covered, but that is not always the case.

Some people who travel find the additional cost of £100 for insurance slightly excessive and therefore travel without it. It is now the case that one can travel to Egypt and other countries very cheaply at certain times. In fact, it can be cheaper to travel to some of those places than to holiday in Europe. Sometimes it is even cheaper than holidaying in the UK. Sometimes when people aspire to broaden their outlook and to enjoy the treasures that are there to be explored when abroad, they are working on a tight budget and cut the travel insurance. They are unwise to do so, but the only way to stop that would be to have compulsory travel insurance, and I do not think that that is a line that we would want to take.

The right hon. Member for Makerfield referred to insurance picking up the costs of people who are insured and the state picking up the costs of people who are not insured. I do not have a problem with that model, but some might argue that it would be unfair because some people would pay for cover while others would not. There is also the risk that some insurers would exclude terror if they knew that the Government would pick it up if the person had an insurance policy that did not cover it. I understand that complications with the model would have to be worked out.

Other countries successfully provide such insurance, as the right hon. Gentleman said. The USA has the international terrorism victim expense reimbursement programme, which covers medical, mental health, property loss, funeral and other miscellaneous expenses. Australia does not have a comprehensive package but it does have individual packages. Again, they are funded by the

[Richard Younger-Ross]

Government. They are run by Medicare, which is a separate Government agency. Finland has extended its general criminal injury policy to cover people who are injured while abroad. The French started to bring in schemes after a wave of terrorist attacks in France in 1986. They were based on a levy on property insurance and were primarily intended to cover internal acts of terrorism but now also cover people who travel abroad. Israel, which has had compensation schemes for acts of terror since the state was founded, primarily covered people on its borders but extended coverage in 1970 with compensation for victims of hostile acts. It is paid through the National Insurance Institute and involves a universal insurance contribution. Italy also has a Government-funded scheme.

Why should a Government help to ensure that such a scheme is provided? I would argue, in principle, that somebody who is the victim of a terrorist act while travelling is not the victim of an act aimed at that individual. The situation is not the same as being robbed or mugged, or coming down with an illness while travelling. The person is the victim of an act against the state in which they are travelling. In cases such as Bali, the act was not just against the state they were travelling in but against the states from which they came. That act of terror was aimed as much at the west and Australia as it was against Indonesia.

If acts are aimed not at individuals but at the state, surely the state has a duty to try to compensate and to protect. Sadly, Government actions sometimes exacerbate acts of terror. It was predicted that the war in Iraq would increase acts of terror, and that has happened. I shall not use this debate to argue about whether the war in Iraq was right or wrong, but sometimes the things that we do provoke a reaction from other groups, and people become the victims of a reaction to the actions of the state. That does not in any way justify acts of terror, but we must understand that sometimes the sad consequence of trying to do something right is that other people will use that act as an excuse for an act that is evil.

I will not go into detail about what type of scheme, whether Pool Re or a straight levy on insurance, should be used because, in a sense, that does not matter. What matters is that we have a scheme that is simple for people to claim on. Such claims must be quick, not complicated. They should not take a long time, because when people are grieving the last thing they want is long arguments with lawyers and others to try to recoup, at least financially, what they can—although they can never recoup the emotional costs—in a way that does not worsen the bereavement and pain that they already feel.

I congratulate the right hon. Gentleman on securing this debate. I hope that the Minister will listen carefully to the points raised and that, in the near future, the Government will come up with their own scheme that allows those people who, sadly, have their lives destroyed or maimed by acts of terror to be compensated, at least financially.

10.11 am

Mr. Tobias Ellwood (Bournemouth, East) (Con): I pay tribute to the right hon. Member for Makerfield (Mr. McCartney), who secured this debate.

This is a sensitive subject that exposes Members of Parliament directly to those people affected by a situation or a circumstance that is often so horrific that we cannot but be moved by what we are speaking about. That point was illustrated by both the right hon. Gentleman and the hon. Member for Teignbridge (Richard Younger-Ross).

It is important to remind ourselves that this is the first such debate that we have had; it is long overdue. The right hon. Gentleman mentioned Lord Brennan's private Member's Bill, which went to some lengths to try to illustrate the problems and difficulties that we face in providing compensation for overseas victims of terrorism. I am grateful for this chance to put on the record my thoughts, both personal and from my party's perspective, because we face a dilemma that needs to be resolved.

I pay tribute to the Minister for the Olympics, the Minister present this morning, whom I met before I became a Member of Parliament because of the involvement that I had with the Bali bombings. She has been stalwart, both personally and from her party's perspective, in trying to promote an understanding of the situation. I speak for all the victims' families, who have been pleased with the sensitivity with which she has conducted these affairs and with the way in which she has tried to pioneer a way forward in reconciling the problems relating to compensation for terrorist attacks that take place overseas. I place on record my gratitude to her for all her hard work, which I appreciate personally. I think that I speak for the whole House when I thank her for the dedication that she has shown to the families, for looking after and nurturing the individuals' needs and for doing other things, too—from making the Government recognise their role in alleviating some of the pain experienced from the event itself, all the way through to the creation of a memorial and trying to establish some funding to help those who may yet experience a horrific terrorist attack.

I also place on the record my appreciation of the Secretary of State for Justice and Lord Chancellor, who when Foreign Secretary summoned me to see him after the Bali bombings when I lost my brother on 12 October 2002. I was not a Member of Parliament then. I made a bit of a song and dance about the lack of support that the Government provided; there was no ambassador there, no Land Rover with a British flag on it and no support of any sort. The right hon. Gentleman kindly invited me and my sister to see him and, for an hour and a half, we made some recommendations, including on the establishment of an emergency response team, which is now up and running and, I am pleased to say, working effectively, not just helping out in respect of terrorist attacks, but helping in natural incidents, such as the tsunami, providing support for British citizens who are caught up in such horrific events overseas.

I ask the Minister to explain and place on the record how she has continued to keep this brief, in respect of which she has been effective. She clearly works as part of the Department for Culture, Media and Sport team and sits in the Cabinet, which is important, but for any layman it would seem more obvious and sensible for her, given her role, to sit with the Foreign and Commonwealth Office, the Home Office or the Ministry of Justice. I should be grateful if she explained how her position, away from those Departments, can be more

effective, so that right hon. and hon. Members can understand whether, should there be an election, the responsibility for looking after victims of overseas terrorism should remain away from those Departments, which sit at the Cabinet table, or whether that role should be drawn in and linked much more closely with the criminal injuries compensation scheme, for example.

The dilemma that we face, as the right hon. Member for Makerfield mentioned, is the discrepancy that we find in respect of those affected by terrorism in the UK and those affected, perhaps, by the same terrorist organisation abroad. We are familiar with what happened in the 7/7 attacks in London. The support provided by the Government was prompt and, in most cases, well received. It was provided regardless of nationality, whether people were British or otherwise, and the levels of compensation were linked through the criminal injuries compensation scheme. That is right and correct. However, as has been mentioned a number of times, that scheme is limited to British borders alone and the problem with travel insurance covering terrorist attacks is that it is limited, meaning that any individual Briton choosing to holiday abroad who is affected by terrorism does not receive the same compensation as they would if so affected in the UK. We are not talking about large numbers of people. A parliamentary answer to a question asked by the shadow Foreign Secretary stated that about 190 Britons have been killed since 2001.

As the right hon. Gentleman mentioned, huge sums of money have been invested by this Government, the police, the emergency services and so forth to try to protect Britons from terrorism here in the UK. We have legislation, going back to the threats from the IRA, including the Prevention of Terrorism Act 1974, the Criminal Justice (Terrorism and Conspiracy) Act 1998, the big Terrorism Act 2000, the Anti-terrorism, Crime and Security Act 2001 and the Prevention of Terrorism Act 2005, which is a large piece of legislation, all of which were designed to build the barriers higher to protect us here in the UK and to try to identify those who wish to cause us harm. I do not have a problem with any of that legislation per se; I am concerned about what we do when attempts to protect us fail. When all the legislation designed to provide an umbrella of security does not work, we are left with a few people who are exposed and are then killed or injured. It is those people on whom we are focusing today.

The terrorist does succeed on occasions, despite all our efforts to try to legislate against that happening. We may build the walls even higher, but no matter how much we protect ourselves here in the UK, the terrorist will wise up to that and wait for us to step off an aeroplane abroad. That brings me to the question of how we provide support for citizens who choose to travel.

I have been in contact with various victims support groups, including those for the victims of Bali and Sharm el-Sheikh. I pay tribute to the work that they have done in trying to push forward legislation. I also pay tribute to the pro bono work, which has been mentioned already, by Lovells and Allen & Overy, which are providing support to Lord Brennan's Bill. We must recognise that no matter how vigilant we are and how much legislation we pass, it is virtually impossible to prevent an attack from taking place, if not here, certainly abroad.

When we see problems on television, they often seem to be other people's and not ours. When we see an event on television, we may think, "Oh, isn't that awful?" but we then switch back to doing something else, oblivious to the pain and suffering that that person or family will have to go through. MPs have been lobbied individually, because the lives of each community, person or family whose loved one may be injured or maimed for life are changed for ever, abruptly and dramatically. Every Christmas and birthday is then a reminder of the missing person to the person whose life has changed. We live in a dangerous world, and it is easy to think that such things happen only to a minority of people—perhaps 200—so why are they so important?

On the night of 12 October 2002, I was in the little village of Aldbury in Hertfordshire when I became aware that something had happened in Bali, where my brother, who was a teacher, was at a conference. My mother tried to call him, but could not get through, and we had to go through an agonising two or three days before my sister could travel to the holiday resort to check the hospitals and to try to find him, but there was still no news. The chaos in Bali was horrific. As with many places that are affected by terrorism, it was not geared up for an explosion, and not ready to take on the mass confusion that occurs after an event of such magnitude.

I was living in Aldbury and was a parish councillor at the time. The biggest issue facing us was the number of ducks on the village pond because there were too many. There was a big argument about whether we should cull them, and that horrific story was rippling around the village. That was the scale of problems that we were dealing with when, suddenly, the news came through about Bali and the likelihood that my brother was involved. The whole village, which is a close-knit community, was affected and worried about the possible loss of my brother.

When my sister could not find my brother, I flew to Bali. I have served in the armed forces in a number of operational environments, and am familiar with working with dead bodies and injured people. I was shocked at what I found. There was no British support. The ambassador had turned up for an hour, and then disappeared. There was complete confusion, and the honorary consul—he was a part-time consul who owned a pub, but dealt with births, marriages and deaths—suddenly had to deal with families wanting answers and direction about how to find their loved ones, whether they were injured or dead. After a week, I decided that I could not wait any longer, so I waded through 200 dead bodies, and was eventually able to identify my brother. His body was so mutilated that I identified him only from a keyhole surgery scar on his back, but I had taken his dental records with me, and was able to confirm who he was.

I was the first to identify a British body, and was then able to pioneer a way of getting through the massive Indonesian red tape to enable bodies to be checked, embalmed and provided with death certificates and licences to move them abroad. There was a series of requirements that I had been unaware of and for which no one, including the British embassy, could provide support. That is when things went wrong for the British Government, because they were unused to such terrorism, which had not previously struck British citizens in that

[Mr. Tobias Ellwood]

way. Although 9/11 had taken place, most people in that attack had been vaporised, so there were no bodies to deal with, and the American system and the emergency services there were much more geared up to a large-scale attack. It was on a different scale.

Bali was a learning curve for the Government. When I came back, I spoke to the then Foreign Secretary, now the Secretary of State for Justice, and there have been huge improvements to the website and the provision of travel information, which was previously confusing. In those days, one could apply and pay money for more detailed travel advice, which advised people to stay away from Bali at that time, but the free advice on the Foreign and Commonwealth Office website suggested that people could go there with no problem. Many of those aspects have been cleared up, and we now have an emergency response team ready to help in all parts of the world, which is good news. I was in Thailand at the time of the tsunami, and the team did a wonderful job helping victims.

One matter that has not been cleared up is how to support and compensate people who are faced with the loss of a loved one. Travel insurance is important, but how much of a responsibility is it for an individual to obtain suitable travel insurance before they depart? For me, the suggestion of obligation is tricky, but must be debated. What is flawed is the advice that travel agents give about travel insurance to people wishing to travel abroad. The details are often unclear about the cover, and in the dangerous world in which we now live we must be a little clearer about the level of travel insurance and what it covers. About 60 per cent. of travel insurance now covers acts of terrorism, but the industry is large and is, as was said, worth £709 million. We can do more work to educate travel agents and the public on their responsibility not to depart British shores without appropriate travel insurance.

I was critical of the Government in the aftermath of Bali, but work has been done on the aftercare plan—the Minister may want to expand on that—which now has the rather long title of the exceptional assistance measure for terrorist incidents overseas. It provides around £3,000 via the Red Cross for immediate assistance to families that are affected by a terrorist attack. That is welcome, because an element of confusion arises—it did in Bali—and clarity is needed on paying for the return of a coffin back to the UK and the cost of the funeral service. That will go a long way in helping people.

However, more can be done to provide assistance to victims' families and particularly to people who survive. A friend of mine lost his arm in the Bali attack, and is still waiting for support from the Government or elsewhere to help with a prosthesis so that he can continue to work properly. Thankfully, the company he works for has been supportive, but he has found it difficult to obtain support from the NHS or compensation from the Government. That needs to be clarified.

I shall speak briefly—I want to give the Minister plenty of time to respond—about the Victims of Overseas Terrorism Bill, which Lord Brennan introduced. It was a useful vehicle for raising issues that have been inconclusive. It was passed by the House of Lords, but did not receive a Second Reading in this place because of lack of time. That was a shame. Some amendments would need to be introduced but, as it was a private Member's Bill, perhaps the Minister could say whether, if the Bill were introduced a second time, it might at least be debated in the House. That would allow us to thrash these issues out a little further.

On the Pool Reinsurance Company Ltd system, I have spoken to one of the directors of the system, which was set up in 1993 in response to the IRA terrorist attacks that were taking place. The system provides commercial properties with a level of insurance. A premium is paid each year and if anything should happen to the building, it is covered for terrorist attacks. That cover would not be provided by normal insurance. The system now has £1.66 billion in its coffers, which is a huge sum of money. However, of course, if there were a mass flood or some major attack, that money would dwindle quickly. That system shows how easy it is to accumulate money that can be used to help those few people who are killed or injured when these horrific events take place.

As already mentioned, other countries have different models—for example, the United States, Australia through its Medicare system, France through a system linked to property insurance, Switzerland, Finland through its various general criminal injury policies, and Israel. At the moment, we do not have a credible system, but many models exist that do work. Until we get some parity whereby each country matches the good will that we showed when 7/7 struck here—when there was no discrimination between nationalities—we need to ensure that there is some form of cover for British citizens who choose to travel abroad. Frustration is felt by the survivors and the families of the victims of terrorist attacks. The energy and determination that are expended to fight terrorism are not matched by other countries, and the energy and determination to prevent a bomb going off in the first place are not matched by the commitment and support to the victims once that bomb has gone off. That needs to be reconciled.

In conclusion, terrorism is a tactic that is unlikely to disappear. If the blanket of security has failed, Britons need to be assured that the Government will ensure that the appropriate mechanisms are in place—whether that is through an insurance system or direct support. Thanks to the new counter-terrorism legislation, we indeed feel safer in this country, but we are still exposed to the same dangers when we disembark abroad. Terrorism recognises no borders, but nor should our support for Britons. If the global threats that we now face have changed, our response and support must adapt to meet the needs of UK citizens and we must change as well. Terrorism is used to send a message to the state and victims are used as pawns to convey that message. For that reason alone, the state has an obligation to support those victims.

Mr. Mike Hancock (in the Chair): Before I call the Minister, I would like to thank you, Mr. Ellwood, on behalf of the whole House for having the courage to refer to your personal experiences. Doing so could not have been easy, but it was extremely moving and very helpful for the debate.

10.33 am

The Minister for the Olympics (Tessa Jowell): I would like to join in thanking my dear right hon. Friend the Member for Makerfield (Mr. McCartney) for taking the initiative to have this debate. I also thank the hon.

Member for Bournemouth, East (Mr. Ellwood) for his contribution and both for their remarks about the role I have played. I respond to this debate, in a sense, in two capacities. First, I respond as the Minister for humanitarian assistance and as the person responsible for ensuring that there is a proper and co-ordinated response across Government to meet the continuing needs of bereaved families and survivors in the long aftermath of a terrorist attack. Secondly, I particularly feel myself to be the advocate of those families because I know almost all of them well and I have long-standing relationships with the leaders who have emerged from their groups. For reasons that I know hon. Members will understand, that role rarely sees the public light of day, but it consumes an enormous amount of time, as, indeed, it should.

I pay reciprocal tribute to my right hon. Friend the Member for Makerfield for the way in which he has pursued this issue; he has been motivated by his well-known compassion. I also pay tribute to him for representing the particular experience of his constituent John Green and his young son. That provided a horrific illustration of the impact of terrorist attacks and the need for the action that we are discussing.

I would like to chart what I believe is the real progress that has been made. In trying to reach a solution, we are on a journey. We have not yet reached the destination, but my confidence has been reinforced by the nature of the contributions we have heard. There is a will from all parties to ensure that we reach a solution to the problem and that has been driven by the intrinsic merit of the issue, rather than by the horrific prospect of yet a further terrorist attack in which UK citizens are killed and injured abroad. That would prompt a crisis response, but the solution needs to build what I might describe as a sense of serenity within the UK citizen travelling abroad.

As hon. Members have reflected, in past years, there has been an increase in the number of UK citizens affected by terrorism. Since 2001, the Foreign Office figure is that 141 Britons have been killed in terrorist attacks overseas, and many more—a much harder figure to quantify—have sustained life-changing physical and psychological scars. It is important that our thoughts and focus are on those who have been bereaved as a result of terrorism. However, we must also never underestimate the extent to which thousands and thousands of people's lives are changed for ever as a result of surviving such an experience. Survivors too often say to me that, in their words, they wished they had not survived. Our obligations are to both groups of people.

It is a clear fact—this is the dilemma on which we focus today—that British residents who are the victims of terrorism abroad do not receive the same level of financial assistance as those who are caught up in similar attacks in Britain. It is worth reminding the House that of the 52 innocent people killed in London on 7 July 2005, some 20 were foreign nationals who died because they happened to be in London and were in the wrong place at the wrong time. Their families were compensated as if those victims were British citizens. That discrepancy cannot be right and until we resolve it, we have to recognise the injustice and inequity that exist.

In addition to the psychological trauma and bereavement, families are often left with severe financial problems. Obviously, in the immediate aftermath when I meet families, money is the last thing on their minds. They are focused on survival—on managing from one hour to the next—but in the weeks and months that follow, people are often unable to carry on working. They may find it difficult to provide for their dependants. Families rally round but may exhaust their resources, leaving people unable to pay their bills. If they are injured or suffering from mental trauma, they may also worry about meeting the costs of continuing treatment, support and aftercare.

We have devoted enormous efforts to ensuring that the 7/7 survivors who need treatment for post-traumatic stress receive treatment for as long as they need it. There is no neat pro forma that can be completed. We cannot say, "If we do all these things, the results will be satisfactory," because everyone has a unique and individual response to these catastrophic circumstances.

Let me deal with the machinery of government point raised by the hon. Member for Bournemouth, East. I was asked to take on the responsibility for co-ordinating the response for UK families bereaved in the attack on the World Trade Centre on 11 September 2001 at the Cabinet meeting on the day following the attack. That was an ad hoc appointment because it was the first time that British citizens had been involved in a terrorist attack on that scale. We should remember that, mercifully, the ultimate number of casualties was smaller than had been expected in the days immediately after the attack on New York. Probably for the first four months, that appointment took up 80 per cent. of my time, even though I was Secretary of State for Culture, Media and Sport. I visited New York on half a dozen occasions, accompanying families and overseeing the arrangements for bereaved relatives and the people who were searching desperately for the relatives whom they knew were in New York but had been unable to contact.

The process is a long one. It includes support in the immediate aftermath and trying to lift the practical burdens that are unendurable for families experiencing the shock of realising that they have been bereaved and their Christmases will never be the same again. I tend to think of it as a four to five-year process. Initially, it involves assistance with the immediate aftermath and support during the period of shock.

The process also involves learning the lessons. The hon. Member for Bournemouth, East paid tribute to my right hon. Friend the Secretary of State for Justice and Lord Chancellor, who, as Foreign Secretary, bore a heavy responsibility in relation to the aftermath of the Bali bombings and the tsunami. The lessons include the way in which people are responded to in the hour after a catastrophe has struck. That will have a lasting impact on what they feel about the treatment that they receive. Someone who is dealt with in a rather dismissive, unsympathetic and unconfident way in that first hour may never feel that support was there when they needed it, no matter what support is subsequently available.

In Government, as we address this new challenge, we also have to recognise that we will never get it absolutely right. We can go on learning from the experiences of families and survivors and ensuring that our organisations and agencies build a greater capability for responsiveness, but we will never get it completely right and we have to be, in all humility, cognisant of that.

My role as the Minister responsible for humanitarian assistance started at the time of 9/11. I was then asked to provide co-ordination and support for the families

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whose relatives had died in Bali and, later, for the relatives affected by the tsunami. Then, at a time I remember so vividly, I was given responsibility for those who had suffered, who had been bereaved and who had died in the London bombings of 7 July 2005. As Minister for the Olympics, I had been in Singapore celebrating the fact that London had won the Olympics. The day after, the news began to come through of the attack on London. As Seb Coe, Ken Livingstone—the then Mayor of London—and I boarded a plane in Singapore, the celebrations were cancelled. We arrived in London the next morning and stepped into an armoured convoy. Ken Livingstone was to go to the emergency centre. I was to help to set up the family reception centre for the family members who were still wandering around London trying to find out, in the intensive care units of London, whether their mother, their son or their daughter was alive.

From the ad hoc, we now have proper ministerial function, with the humanitarian assistance unit established in the Department for Culture, Media and Sport. There will always be questions about the appropriate machinery of government. I place on record my tribute to all the staff who, over the past seven years, have worked in the humanitarian assistance unit and shown the capacity of public service to go beyond any call of duty or job description. They have, in so many cases, altered the course of grief for the families with whom they have worked, and I am intensely proud of them.

That advocacy role is embodied in the humanitarian assistance unit; it is advocacy across Government. That is why the issues of speed of compensation, the level of compensation and the ability to identify the gaps in the compensation system have become so sharply defined. The humanitarian assistance unit is in regular contact with bereaved families and survivors from 11 separate terrorist incidents since 2001. By listening to victims and their families, we have been better able to understand the support and care that they need. The process ranges from dealing with the immediate incident to support in the aftermath, to the memorial service, to the second memorial service, to the development of the memorial, to the dedication of the memorial, to the establishment of the friends and long-term support group, and then making it clear that, for as long as necessary, we will continue to be available.

Obviously, much of the humanitarian assistance work for victims abroad is led by the Foreign and Commonwealth Office. Again, I commend the extent to which some of the very harsh lessons and the harsh things said about the treatment that survivors have received have been incorporated by the consular services around the world.

In the time available, let me focus specifically on financial assistance. Because of the critical gap in the compensation system created by the fact that the criminal injuries compensation scheme does not extend to UK citizens killed or injured abroad, we secured the establishment of a charitable fund for UK victims of overseas terrorism.

The fund was launched in May 2007 with a Government contribution of £1 million. Because of its size, the fund has a specific scope and remit. It makes immediate payments to all UK residents injured or bereaved through acts of overseas terrorism. Those payments are immediate so that relatives do not have to worry about the costs of getting home. The fund has made a total of 22 initial payments of £3,000 and 19 second-stage payments of £12,000 for five overseas incidents. That total of £294,000 takes us up to 30 September this year.

I underline the fact that those payments are intended to meet immediate financial needs, such as mortgage or rent payments, long-distance phone calls and travel to the affected area, but the speed and simplicity of the way in which the payments are made is most important. Speed and simplicity are the tests against which any further measures are judged.

The Foreign and Commonwealth Office also provides a package of assistance, through its exceptional assistance measures, to cover actual expenditure in the immediate aftermath of terrorist incidents overseas if no alternative funds are available. That provision takes account of the exceptional nature of terrorism, in which individuals are the random victims of attacks directed at society as a whole and not specifically at British nationals. However, I absolutely recognise that neither the Red Cross charitable fund nor the FCO's measures provide compensation. That leaves a disparity in the levels of financial assistance available to victims of terrorism, depending upon where the act of terrorism occurs.

I shall try to do justice to the question of why such a simple proposition is a matter of complexity for the Government. We have been looking closely at the various financial options available for victims of overseas terrorism. For a start, a proposal for compensation has to consider two key questions of principle.

The first question is whether we should continue to look to the country where the attack occurs to provide compensation for UK citizens. In the aftermath of Sharm-el Sheikh, I raised that question repeatedly with the relevant Egyptian Ministers on visits to Egypt, but no agreement on compensation was forthcoming. As we know, many countries offer their own compensation schemes. A 2004 EU directive compels member states to offer "fair and appropriate" compensation to victims of violent intentional crime, including terrorism, committed within their territory. However, none of the overseas terrorist incidents that involved British residents over the last few years have occurred in EU member states. Through the FCO, I will obviously continue to pursue the question of compensation more broadly, through bilateral policy agreements with other countries. However, I do not hold out much hope of that being fruitful in the short term.

Mr. Nigel Dodds (Belfast, North) (DUP): This is an important debate, and I fully support the remarks made by other speakers on the importance of compensation. I have met victims of 7/7 and of other terrorist acts in Northern Ireland and elsewhere. Is there not a real concern among victims about the difference in approach taken by our Government compared with that taken by other Governments in Europe and elsewhere? Last week, there was a debate in Westminster Hall on compensation for the victims of state-sponsored terrorism. There is a difference in the approach taken by the American and French Governments and ours. Surely it is time for our Government to take the same approach as other Governments, and say that compensation needs to be paid wherever terrorists strike against our citizens.

Tessa Jowell: I thank the hon. Gentleman for that intervention. That is precisely the issue with which we are grappling. He is right to say that the EU makes provision, but within that the schemes offered by EU member states are substantially different, and they are often represented as being more comprehensive than they are. Of course, the many people who died as a result of the conflict in Northern Ireland are very much on our mind in shaping a fair long-term response.

The second principle is whether we should treat victims of terrorism differently from victims of other crimes, many of which are just as horrific and life changing. The criminal injuries compensation scheme recognises terrorism as a crime, so victims of terrorism are treated exactly the same as victims of other crime. The scheme is not perfect, but I pay tribute to the efforts made in the aftermath of the bombings of 7 July to ensure that claims were settled as quickly as possible.

It is my view—I hope it is clear—that British residents affected by terrorism overseas should be treated in exactly the same way. I recognise that such an arrangement would create an anomaly, as British victims of violent crime overseas would not be covered. The Government also recognise that any commitment to provide compensation would have to open-ended and thus impossible to cost with any degree of accuracy. Despite those difficulties, I am committed under those two principles to finding a solution.

I pay tribute to Lord Brennan for adding further impetus to the debate through his private Member's Bill. Since then, a lot of work has been done by the insurance industry to ensure that travel insurance policies that include terrorism cover are readily available. Sixty per cent. of British travel insurance companies now cover terrorism through their policies—that is major progress—and a further 30 per cent. of companies now explicitly exclude it, although they may offer an ex-gratia payment. Those percentages are increasing year on year.

I welcome the fact that, in 2007, the insurance industry called for a "strong partnership" between it and national Governments to manage the risk of global terrorism. The way forward is through a partnership between the insurance industry and Government. I hosted a meeting earlier this month for insurance industry representatives to start building the next stage of that discussion. Trevor Lakin, whose son Jeremy was killed Sharm el-Sheikh, has been working tirelessly to seek a resolution on the issue—not for his own benefit, but for future victims.

Lovells is contributing to the development of that work on a pro bono basis. Given the current difficult economic climate, the response has been encouraging. I believe that we now have a fresh momentum, moving forward in a spirit of partnership with the industry. However, because that work is at a very early stage, I am not in a position to set out the detail of the conclusions that I hope for, but I undertake to keep the House informed.

Today's debate has shown the extent and breadth of cross-party interest. We must find a solution—and not be prompted only by the next atrocity. Nothing is more compelling and impelling to finding a solution than the memory of those whose lives have been wasted, and the misery and hurt that will be with their families for ever. I thank Members on both sides.

Mr. Mike Hancock (in the Chair): I thank all Members who have taken part in this excellent debate. It is a lesson to the House. I hope that others will read the report and watch out for the progress that the Minister has promised. I congratulate everyone that has taken part; it was a first-class effort by the House to bring home to others the problems that we face in this area.

Sierra Leone

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): On a point of order, Mr. Hancock. I am sorry to bring this to your attention but there was a minor degree of panic, in that there was no Opposition spokesman for this debate. There is a misprint on the front of the Order Paper today—it says that this debate should take place between 10 o'clock and half-past 11; of course, it should say that it will begin at 11 o'clock. I do not wish to be picky about this, but we need to get these things right.

Mr. Mike Hancock (in the Chair): We do indeed, Mr. Clifton-Brown. However, I know for a fact that your hon. Friend, the hon. Member for Bournemouth, East (Mr. Ellwood), did credit to himself and your party.

11 am

Laura Moffatt (Crawley) (Lab): It is a delight to be able to introduce this debate under your chairmanship, Mr. Hancock.

It is quite unusual for a Member of Parliament to decide to spend three weeks of August in a country that they have never visited before. I had read about Sierra Leone and taken part in debates in the House on it, but I decided to get more involved. I was able to do so via a new scheme run by Voluntary Service Overseas called Volpol, which allows Members of Parliament to immerse themselves as other volunteers would in countries in which VSO is present. It was an amazing experience—one that I shall never forget.

I am delighted that my hon. Friend the Minister is replying to the debate. I had enormous respect for him in his previous role and I know that he will be a great champion for Britain and its development work in the world. I am looking forward to hearing his response to my remarks on some of the things that I found Sierra Leone; and the fact that I would like to see that work continue. I believe that the work is valuable and that it is making progress in that country.

Sometimes, we feel a little bit guilty when we do things outside our constituency, but my largest regular postbag from people in my constituency contains letters from those who care about the poverty of some overseas people and the conditions in which they have to live. It was with that in mind that I felt able to travel and work there for three weeks in August. I should like to pay tribute to Dawn Powell, one of my constituents. She is a tireless campaigner on world poverty, and never stops beating a path to my door to tell me to encourage the Government to do more. Nevertheless, it is widely recognised that the Government have done more than any previous Government to develop the way in which we engage with the rest of the world—we need to have that on the record before we go further.

Most people will have seen the old Bounty bar advert in which a gorgeous girl bites into a Bounty bar on the most fabulous beach in the world. That advert was made in Sierra Leone. It should be paradise, but in fact it is hell. It is hell for women who deliver babies—it is the most dangerous place in the world to have a baby. Mothers are also likely to lose children to a preventable disease such as malaria; one in four children dies that way. Health care is almost non-existent, and what there is has to be paid for. People have to scrimp and scrape to save someone who might be the person who earns a living for the family. The nation was born in what should have been a fantastic spirit of freedom from the slave trade—the capital is called Freetown—but it has become one of the most difficult places on earth to live. That is why I wanted to go. I felt that there was no point in taking part in a programme such as Volpol unless I was going to engage fully in the things that other people immerse themselves in.

Of course, the country has seen the horror of a war that lasted for more than a decade. The effects are apparent everywhere. Roads and buildings have been destroyed, and infrastructure no longer exists for most people. Day-to-day living in Sierra Leone is difficult, which is why I was delighted that VSO went back into the country following the war. The organisation works not in countries where there is strife or difficulty, but in places where it can build capacity and work with people to develop their skills. In just three short years, the organisation has done an amazing job.

I want to focus on the work of VSO and the Department for International Development—many other aid organisations are doing fantastic work in Sierra Leone—because you will be very cross with me, Mr. Hancock, if I do not focus on issues that directly relate to the Government. DFID is the major donor to VSO—£28 million of the £40 million it receives comes directly from the Government. I should like to demonstrate why I believe that that is good value for money. The organisation uses its resources to procure skills, and not only in the UK. Amazingly, although most are from the UK, volunteers come from around the world. Those volunteers could earn thousands of pounds here working as consultants, for example, but they do not. Instead, they get only a stipend, and go to live and work in the community that they are trying to develop. They become immersed in the culture, thereby gaining the strength and the commitment of people who, on the whole, feel utterly hopeless about the conditions in which they have to live. The volunteers learn to lift those people's spirits and skills to a level that allows VSO to walk away and say that those people are able to get on with the job themselves. That is what is spectacular about their work.

I should like to pay tribute to those fantastic volunteers. I was slightly worried that I would be unable to live up to their fantastic reputation, being a lowly Member of Parliament, and I probably did not do so most of the time. The volunteers truly were amazing people, dedicated to their work, and a credit to this country. It was impossible to walk down the high street in Freetown without people asking whether I was from the UK or from VSO, so people have a real sense that we are doing good work in the country.

I wanted to focus on nursing and nurse education, because that was my profession. The needs of Sierra Leone are overwhelming, so it was vital that I stuck to that one aspect. What patients have to endure, day in, day out, in the Connaught hospital in Freetown—it is the major hospital—is appalling, but what nurses and nurses in training have to endure made me break down in tears in the first week. Those dedicated people have little or no equipment to work with, or leadership, and although they tried their best, and were paying to become nurses, they were faced a most difficult task. We often complain in the UK. I talk to student nurses here all the time about what is happening in their lives but

frankly, having seen those students in Sierra Leone, I can say that we have absolutely no idea of how difficult things can be.

I also felt it necessary to talk to all the other aid agencies in the country. The United Nations is pulling out bit by bit because the emergency situation is relaxing, and World Health Organisation officials are there in numbers, but the most impressive organisation that I found in the country was DFID. I was utterly impressed with Joanna Reid, who does an amazing job developing a child and maternal health strategy to ensure that the system has capacity, so that not as many children are lost and not as many women die in childbirth. Listening to the day-to-day stories of the struggle to build capacity in the health and sanitation department was amazing. I am utterly in awe of the quiet and steady work that Joanna Reid did. The work was not easy and not many people hear about it, but I want to ensure that the work being done out there is properly recognised in the House.

I am sure that the Minister will be kind enough to tell us about the sums that are involved. Although I was given an indication of the spend in Sierra Leone, that is not the only issue; it is about helping those who are working in the Department to lift their game, so that they use the money effectively and ensure that it does not get lost in the system or go missing through corruption.

It was such a struggle to see the work going on in Sierra Leone, but it was excellent work and I have a huge admiration for it. It is okay for someone such as me to skip in for three weeks and then walk away—although I have no intention of walking away from those fantastic nurses in Sierra Leone—and quite another to work day in, day out with the huge structural problems of Sierra Leone.

With its little office in the heart of Freetown, VSO looks after its volunteers very well. During our stay in the country, we lived with the volunteers. There were no grand hotels in which to stay. The visit was about immersing Members of Parliament in the work. Eleven of us were working in nine different countries over the summer. I felt that the best thing that I could do was to support those who were trying to provide a decent education for the nurses in Freetown.

I was working on the day that the student nurses' exam results came out. I was amazed because, overwhelmingly, they had passed. Those students had no equipment. They did not even have the equipment to take someone's temperature or blood pressure, or to raise a bed properly. They did not even have proper pillows to make patients comfortable, and yet, through their dedication in reading their textbooks, they learned how to nurse. I, like others in Sierra Leone, want to assist those nurses to ensure that they have the equipment to do their work.

I was so impressed with Matron Thomas, who was looking after me in the Connaught hospital. She was a truly formidable matron. She reminded me of the matrons who were about when I was doing my training decades ago. All the nurses respected her tremendously because she was doing such a fantastic job.

Mr. Clifton-Brown: I am sorry to stop the hon. Lady when she has such little time left, and I congratulate her on her VSO trip. Sierra Leone is 176th out of 177 in the UN index of least developed countries. Will she give the Chamber an impression of how the country is moving forward since the 2007 elections?

Laura Moffatt: I thank the hon. Gentleman for that because I might have given the impression that it is all absolute disaster, but it is not. Those elections last year were a tremendous success. They were peaceful and everyone was greatly relieved by that. A huge amount of development work is happening. The newly elected Members of Parliament and the President are working to ensure that those who are in positions of power can govern in a fair and honest way. Although the little contretemps that we have in the UK are replicated in Sierra Leone, the system, on the whole, is well supported. The potential to improve is massive. Real opportunities exist, which is why I initiated the debate today. I want to ensure that the UK remains engaged with Sierra Leone. I believe that we have a responsibility to the country, and I want to ensure that we stay there and continue with the fantastic work.

Let me return to the work that I did in the country. I was most impressed with Dr. Etam-Hoteh, who lives in London but who was asked to take on the job of dean in the faculty of nursing. He took a sabbatical from his own top-level NHS job in the UK to go to Sierra Leone to do the work—for no pay whatever. He is doing an immensely worthwhile job as he licks that school of nursing into shape. We would love to see our nurse education being delivered in the same way. I ask DFID to consider supporting that post. I believe that if we support those who have the ability to give lots of information and skills to many people, that is an effective use of UK money. Supporting that one man as dean of the faculty would mean that he could oversee the education of 200 nurses in training. He could increase nurses' abilities and clinical skills, and improve the health in Sierra Leone. That is the crux of my debate. I have written to my right hon. Friend the Secretary of State to see whether it is possible to support the post, because I believe that enormous strides could be taken in the teaching hospital in Freetown.

My plea is that we stay in Sierra Leone and continue with the tremendous development work that is going on. We should support VSO, which is doing an amazing job of transferring skills from the UK to Sierra Leone. Even if such transfers are for a short time only, it will help. Short placements are a great idea. Clinical tutors who go to the country for a month to give specialist education to nurses would be incredibly valuable. Recent changes from the Department of Health mean that people's pensions and contributions can continue to be paid while they volunteer. That is such a good move, allowing skills to be shared around the world. It ensures that other countries can benefit from fantastic technological advances and a world-class health service.

11.17 am

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): I am delighted to appear under your chairmanship, Mr. Hancock—I think that it is the first time. As this is my parliamentary debut in this brief, I can think of no better person to debate with than my hon. Friend the Member for Crawley (Laura Moffatt). I reciprocate her very kind remarks; it was a great privilege to work with her at the

[Mr. Ivan Lewis]

Department of Health. We both feel that we contributed towards the significant progress in reforming and improving the NHS.

I pay tribute to my hon. Friend for making the decision to spend some of her summer finding out the challenges that ordinary people—people on the front line and our employees—face on a day-to-day basis in a country such as Sierra Leone. When we have debates in the House, it is important that, wherever possible, they are informed and that hon. Members have experienced the realities on the ground. Such experience gives us a unique insight and capacity to shape and influence the development of parliamentary debate and, more importantly in this context, Government policy.

I thank my hon. Friend making the decision to go to Sierra Leone. The feedback that we have from VSO and from the project at which she worked suggests that she would be more than welcome to return. She made a tremendous commitment while she was there. Her nursing expertise and professionalism were very relevant and useful. The fact that she has committed herself to continuing that involvement with those projects will be a source of great comfort to the people involved.

It is also important to pay tribute to VSO. The organisation provides opportunities for a whole range of people, including many of our constituents, to go out there and contribute. We know that we live in a shrinking world and an increasingly interdependent world. As my hon. Friend said, people such as Dawn Powell who visit her in her surgery, and others in my constituency, care and are passionate about the importance of this country's leadership role in addressing poverty and inequality in the developing world.

In any debate about the kind of society that we live in—we are often told that we live in a broken society—we may forget that there are hundreds of thousands of people who in one way or another care enough about another individual or another part of the world to want to make a difference and a contribution. I echo what my hon. Friend said about that. That army of people such as Dawn Powell—the fact that we have such domestic support—is incredibly important to the Government's ability to take a leadership role in the world on such issues. I discovered only recently that 10 million people bought one of the wristbands that were part of the Make Poverty History campaign—a massive number of people who made a positive choice and said "This really matters to me, my family, and my country."

We can be very proud of the fact that, as my hon. Friend was good enough to say, addressing poverty is a moral mission on which the Government have chosen to provide leadership around the world. The Prime Minister has also shown personal moral leadership; he has made poverty one of his top policy priorities at home and abroad. In my short time in my job, I have found that that is reflected in the reputation of the Government and the Department for International Development in the developing world, which should be a source of great pride to this country. We can have debates about foreign policy and this country's reputation and how it is perceived in different parts of the world, but if one goes to the developing world, one will find time and again in countries where we are active and involved that when it comes to agencies making a difference, the DFID brand is the most positive.

Non-governmental organisations also play a crucial role; it is a question of partnership involving the Government and other Governments around the world. Of course, it is not only the fact that we provide aid and run programmes, but the fact that we have banged the table in international institutions and demanded that the world step up to the mark and take responsibility, that has an effect; and it is a matter not just of individual nation states or consortiums of nation states or multilateral institutions, but of the voluntary sector and the contribution of NGOs in this country. My hon. Friend referred to that fact.

In the end, we need to be about the business of empowering and enabling the people in the relevant countries—their Governments, professionals, project leaders and ordinary people—to help those countries to develop through aid, economic growth, tackling the scourge of HIV/AIDS and making sure that people have access to universal primary education and health services. Our job, essentially, if it is to be sustainable, is to support those countries with confidence, knowledge, skills, systems and structures, so that we can feel that our aid is about enabling and supporting them to rebuild, often in incredibly difficult circumstances, such as those in Sierra Leone.

Mr. Clifton-Brown: The Minister may be interested to know that the Conservative party this summer took 100 people to Rwanda, entirely in their own time and at their own expense, and will be taking 200 people next year to take part in such programmes.

My question is about the fact that the UK has a 10-year memorandum of understanding, and a considerable amount of money is going to Sierra Leone, which has one of the poorest poverty indices of any country on the planet. The International Monetary Fund also gives a considerable amount of money for poverty reduction, and has been critical about the rate of progress in reducing poverty in Sierra Leone. How is DFID getting on in that respect?

Mr. Lewis: I welcome the fact that the Conservative party is sending people to experience and contribute in the developing world. That is a good thing and Members on both sides of the House would applaud it.

To deal specifically with the hon. Gentleman's question about poverty reduction, we have been providing poverty reduction budget support to Sierra Leone since 2002. Our annual contribution is between £10 million and £13 million. That support is given alongside that of other donors in Sierra Leone: the World Bank, the European Community and the African Development Bank. The provision of budget support since the end of the war was not without risks, but it secured macro-economic stability, without which peace would have been much more difficult to achieve. Alongside that poverty reduction spending by the Government has been protected, and the Government have made significant progress in improving their financial management systems, albeit from a low base. We are reviewing how to maximise the impact of providing budget support as we look across the programme of support for the next five years.

When we analyse progress, we must consider the baseline. Sierra Leone started in a dreadful place. As a result of the aid that we have provided and the commitment

from some sections of the leadership in that country, which has a new Administration, we must acknowledge the progress that has been made, compared with the situation only a relatively short time ago. The country has only recently emerged from 10 years of brutal conflict, as the hon. Member for Cotswold (Mr. Clifton-Brown) is fully aware. My hon. Friend the Member for Crawley referred to the recent elections; they were an example to the rest of Africa—and we in this House all know of recent concerns about electoral situations in Africa. However, we are not complacent, and our message to Sierra Leone, in discussions with its Government, is that progress must be sustained.

The challenge now is to fulfil the country's rich economic potential, and to achieve the millennium development goals, particularly in relation to its appalling health indicators, which, as the hon. Member for Cotswold said, are among the worst in the world. My hon. Friend the Member for Crawley will be interested in that point. In a sense we need, in our approach to Sierra Leone, to go from the point of view that the country has done well in an impossible situation to expecting more. We need high aspirations for the aid that we and others give, and for the democratic institutions that now exist. Those are not without problems; we still have concerns about corruption in the country, and we are dealing with them. We must do more than say simply that in difficult circumstances there has been stability. We must move from stability to real progress.

Peace, security and stability: that is a great success story. There will be a long-term commitment from this country, but it is related to an expectation that there should be strong, accountable institutions, and that tackling corruption is non-negotiable. We shall be keeping our eye on the ball with respect to the importance of the country's getting back on track to achieve the millennium development goals by 2015. At the moment Sierra Leone is, on any projection, going to miss all those targets and goals. We shall expect urgent action to get back on track. We are particularly concerned, as we should be in any society, about the fact that child and maternal health indicators are among the worst in the world. I hope that my hon. Friend, with her experience, will be able to help me to think about some of the practical, tangible measures that we can take that could make a difference. She referred to the tremendous work of Joanna Reid, which we want to support, and the role played by Dr. Hoteh. I cannot, much as I should like to, give a cast-iron commitment today on providing practical assistance to him, but I shall certainly look into the issue.

We also need the Sierra Leone Government to raise more revenues of their own, and rapidly to implement a comprehensive public sector reform programme. We need to ensure that the anti-corruption commission, which we now believe is, after a period of great concern, well led, will genuinely become an effective institution.

I again congratulate my hon. Friend on going out to see Sierra Leone for herself. Our commitment to Sierra Leone is cast iron and authentic, but we want to move on from being satisfied that it is a stable country that has done well in difficult circumstances; we want it to raise its aspirations and ambitions, so that its people can have the quality of life that so many people in this country take for granted.

11.29 am

Sitting suspended.

Afghanistan

David Taylor (in the Chair): I should point out that the dress code for this Chamber is the same as that for the main Chamber, I am afraid, so jackets must stay on except in exceptional circumstances. I do not think that we are quite at that, although the temperature and humidity do approach what is common in Kabul.

2.30 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Mr. Taylor, it was good of you to arrange such conditions to add authenticity to the debate. I am glad that we have this opportunity to debate Afghanistan and the Government's strategy and objectives, particularly as we have not had a statement from the Prime Minister on the subject since December. I think—this is a point that I hope the Minister will take back—that there is a desire in the House for more regular statements on what is happening in Afghanistan, particularly as the news about what is happening there seems rather gloomy. I pay tribute to the magnificent work done by our armed forces in Afghanistan, and I honour their sacrifice, as I know everyone in this Chamber does.

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate the hon. Gentleman on securing this important debate, and for rightly honouring the valour and effectiveness of our forces in Afghanistan. Does he agree that it is also important to recognise the contribution of the reserve forces there alongside the regular forces, and the particular contribution of specialists?

Mr. Heald: I am happy to do so. A number of Members and hon. Friends have had that role and been to Afghanistan. We all admire what they have done.

From the beginning of this year, we have heard a series of gloomy reports from Afghanistan. Four reports came out at the beginning of 2008 from reputable think tanks questioning what progress we were making in Afghanistan, and in recent days a series of further reports have caused a great deal of concern. First, of course, was the national intelligence estimate leaked in America, which talked about a downward spiral in Afghanistan. We know that the White House ordered a major review—General Lute went to Kabul—and we are waiting to know the outcome. I hope that our Government have been closely involved in that process, and that we too are having a review. If there are changing circumstances on the ground, it is not good enough if our Government are not prepared to order the same sort of serious review as Washington.

A series of generals have also made remarks in recent days. General Craddock, speaking a few days ago to the Royal United Services Institute, said that he felt that we needed far more troops on the ground and fewer restrictions on them so they could be used more effectively. General Sir David Richards said recently that we need more men and should move towards a negotiated settlement. Brigadier Carleton-Smith has warned against ideas of a decisive military victory, saying:

"If the Taliban were prepared to sit on the other side of the table and talk about a political settlement...that's precisely the sort of progress that concludes insurgencies like this."

Yesterday, we heard in the Select Committee on Foreign Affairs that an Afghan diplomat in New York said that in Helmand province we control only one district. That was disputed, but reports are coming in from many respected sources suggesting that the situation is going backwards, that more troops are needed and that it is urgent. What are we doing to address that set of reports, and will we have a major review?

Some of the emerging concerns involve our objective. As I saw it, the objective in 2001 after the atrocity at the twin towers was to get rid of al-Qaeda in Afghanistan, because that was where they were training their people. I imagine that our objective now should be to keep al-Qaeda out of Afghanistan and prevent them from training there, but is the Minister prepared to concede that that does not mean necessarily that we need to impose in Afghanistan a westernised form of government that might be inappropriate to its history, traditions and culture? Also, I accept the point made yesterday that it is a good thing to bring people together to hold elections, but perhaps the Minister will tell us his view on what sort of government might be acceptable there, granted that it will none the less be elected.

On the border issue, the Afghan Foreign Secretary, Dr. Spanta, has pointed out that neighbours are important. In his words, Afghanistan is a land bridge between central and south Asia. He has made the point that the border with Pakistan is porous, and more needs to be done about that. The Pashtun lands in south Afghanistan and north Pakistan extend across the border. Local people do not recognise the border; they just ignore it. In fact, some communities are right on the border, and there is no sign that it exists.

In that environment, what is the way forward for security? Does the Minister think that the yesterday's mini-jirga, which involved Pashtun tribal leaders from both sides of the border as well as Muslim clerics, might, with the support of the new President, Zardari, lead to joint patrolling of the border? Is there some way forward in tackling that long-standing issue of the porous border?

Because the Afghan Government came substantially from the Northern Alliance, one long-standing problem has been that not enough Pashtun tribal leaders are involved in the process of government in Afghanistan. I welcome the fact that King Abdullah had a breakfast meeting in Mecca with the Afghan Government and with Pashtun leaders, some of whom are aligned with Taliban officials, but how credible a process is that? Do the Government feel that there is some prospect of sitting down with Pashtun tribal leaders who may be aligned with the Taliban and reaching the sort of political compromise that generals have been talking about recently? General Petraeus said today that he feels that American military negotiators might get involved in that process.

Why has progress been so slow in expanding the Afghan national army? It looks like an army that knows how to fight, and it has 60,000 men, but it needs 120,000; I understand that the plan is to double the size. When will that happen, and how will it be achieved?

David Davis (Haltemprice and Howden) (Con): One point made to us when we were in Afghanistan was that Iraq has roughly 600,000 security forces of one sort or another, is smaller than Afghanistan in both population and area and is a less complex problem. That implies that 120,000 troops are far too few. Will my hon. Friend comment on that?

Mr. Heald: I always respect my right hon. Friend's knowledge of such matters; I do not claim for a moment

to be a military man or an expert in them. The geography of Afghanistan is rather different. My right hon. Friend will recall that Afghanistan is divided by a central mountain range, the Hindu Kush. North of that, the area populated by the Tajiks, Uzbeks and Hazaras is fairly peaceful. *[Interruption.]* Some may disagree, but I understand that it is relatively peaceful at the moment. The area of concern is to the south and east, where the Taliban are effective in the fighting season. That area has a limited number of roads and communities, so the military effort might be about a smaller number of concentrated communities and roads than in Iraq, but my right hon. Friend will, I hope, have a chance to outline his thoughts on that.

One point keeps coming up—indeed, this is the point that my right hon. Friend made: we need more troops on the ground. Yesterday, Lieutenant-General Wall said that he did not believe that having a lot more troops was the answer until it was possible to have an immediate reconstruction effort following tactical victories. Does the Minister have a plan that brings together those elements in a comprehensive way so that if we were to put in more troops—and, I would hope, more helicopters—reconstruction efforts could be made almost immediately, perhaps with a substantial separate budget for the military? I understand that the Americans have tried that in Iraq successfully, so the Minister might like to address that issue.

My next point concerns the bureaucracy and dishonesty of public administration. We know that the national intelligence estimate has talked about Government corruption as being a major problem in Afghanistan. Earlier this year, a village leader was quoted by the BBC as saying that people who go to the Administration for help with a problem

"have to give a lot of money in bribes and then they get stuck there",

and that the least one could say about the Taliban was that they were reasonably efficient and honest. Does the Minister recognise the problem of corruption, and does he have any thoughts on how it might be dealt with?

What is to happen about the lead nation approach, under which countries were given a role at the beginning of the process? I shall give an example of a problem. The Germans were given the role of training the police, but the Americans have spent 50 times more than the Germans and have trained many more police. So, some police were trained in a German way of policing and some in an American way, and I understand that there was no co-ordination with the Italians, who were introducing the new laws. They ended up with a police force with either a German flavour or an American flavour, but none of the officers knew the new laws that they were to enforce. If there is a problem with having lead nations, how is it to be resolved? Is it not a question of having much better co-ordination between the countries involved?

Tony Baldry (Banbury) (Con): In those last two comments, my hon. Friend has identified an inherent difficulty in the Afghan situation, has he not? Either we help the Afghan Government to get greater capacity, which means having fewer lead nations but a risk of greater corruption, or, if we are concerned about corruption, we impose more control on the Afghan Government, which gives the impression that we are occupying forces and thus alienates the towns. We cannot have it both ways; we have to decide. We cannot simultaneously enhance capacity and seek to run Afghanistan; it has to be one or the other.

Mr. Heald: My hon. Friend is absolutely right to make that point. However, one of the reasons why the generals are talking about trying to reach a negotiated settlement is that if more of the Pashtun leaders were involved with the process and supported the Government rather than the Taliban, many of those problems would be less important because there would be the sort of security that allows civil administration to build and to have the sort of principles that we wish for.

I do not want to speak for too long, because many colleagues want to speak, so I shall conclude by asking the Minister some questions. What are the Government doing about the review that the Americans are conducting? Are we having a review, too? Is the force size adequate and do we have the equipment that we need? How does he reconcile the comments of one set of generals with what Lieutenant-General Sir Peter Wall said yesterday? What hope is there for our NATO partners? Are they going to do more, and really put their shoulders to the wheel? Are there any signs of improved commitment? What hope is there for reconstruction almost immediately after tactical victories, so that we gradually win hearts and minds by showing that a victory means something good for the Afghan people? Will our armed forces have a substantial budget to enable that to happen? That is important, given that voluntary and non-governmental organisations might be too frightened to come in and do the reconstruction work speedily.

What is to happen about bureaucracy and corruption? Do our Government have any leverage with President Karzai and his team? How are we to get effective peace talks, and will we and the Americans be involved as negotiators, as has been mentioned in the news today? On poppies, does the Minister have any idea how we should tackle narco-terrorism? Finally, will he give a commitment that we will have the regular statements from the Prime Minister on this very important area—after all, it is a war we are conducting—to which we are entitled?

Several hon. Members *rose—*

David Taylor (in the Chair): Order. Eight Members are seeking to catch my eye, and I intend to call the Front-Bench speakers in 45 minutes, so five or six minutes each will be about the right length of time.

2.45 pm

Paul Flynn (Newport, West) (Lab): I congratulate the hon. Member for North-East Hertfordshire (Mr. Heald) on securing the debate, which is timely because we are at a tipping point in Afghanistan. The last tipping point was in March 2006, and we had a debate in Westminster Hall about what the position would be. Then there was almost unanimity in support of the Government's actions, which were to move into Helmand province. The then Secretary of State for Defence said that he hoped that that operation would last for three years at the most, without a shot being fired.

In that debate, a comparison was made between the movement in Helmand province and the charge of the Light Brigade. It is significant that we remember what

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was said then. To paraphrase the words of the poet, there was, "Bush to the right of them, Blair to the left of them, who Holler'd and thunder'd. Theirs not to reason why, Theirs but to do and die. Someone had blunder'd. Into the mouth of Helmand, Rode the five thousand. "

At that time, things were peaceful in Helmand and throughout Afghanistan, and only seven of our soldiers had died—five in accidents and two as the result of military action. I pay tribute, as everyone does, to their valour and professionalism. They do a magnificent job there. Now, the number of soldiers who have died is 121—three more than the number killed in the charge of the Light Brigade, but the operation has, in common with that charge, the futility and stupidity of those who gave the orders at the time. Clear warnings were given that going into Helmand would stir up a hornets' nest, and we are now seeing the truth of that. We are in a far more dangerous position than any that we have experienced in the seven years that we have been in Afghanistan.

Is it sensible to send in more troops? Our ambassador, Sir Sherard Cowper-Coles, has made it clear that what we are doing—sending in more troops—will

"identify us even more clearly as an occupying force and multiply the number of targets".

That is precisely the role that they will have. He went on:

"The current situation is bad. The security situation is getting worse. So is corruption and the Government has lost all trust".

The Government are rotting from the head down. The only reason why Karzai remains in power is because of the presence of NATO troops.

It is foolish to believe that the number of NATO troops from our fellow European countries will increase. I have spoken to Hungarian Ministers and a member of the Western European Union's defence committee, and I have been in many debates with French, German and other members. They clearly see no future in sending their young men to die in Afghanistan. I asked the chairman of the committee on defence in the Hungarian Parliament—the Hungarians were talking at one time of replacing the Dutch in Afghanistan—whether his people were prepared to accept the casualties on the scale that we have suffered here, in the Netherlands and in Canada. He said emphatically that his people were not prepared to accept that.

Can we look and find any hope? I do not believe that there is any chance that we can do what has been suggested and is still being suggested, which is putting in troops and having a surge that would be successful. That idea demonstrates misunderstanding of the success of the surge in Iraq, which was mainly due to the skills of General Petraeus and the fact that there were talks between the two groups. The talks, not military might were, responsible for bringing peace. Military might will not solve the problem in Afghanistan; it never has.

On a visit to the Pentagon in July, we received briefings from different people there. Some of them were the crazies who really believed the Bush line that victory was possible and that all we needed to do was send more troops to sort out the opposition; they saw the situation in Afghanistan in very crude terms. However, other people at the Pentagon were intellectuals or military strategists. They gave us histories of insurgencies and said that, in almost every case, the insurgents win; if troops go into a country as an alien army, whatever happens the ultimate outcome is a victory for the insurgents if they have the support of the rest of the population.

We are in a very dangerous situation now. When we went into Afghanistan in 2001, much of the Afghan population were really hostile towards the Taliban; they were fed up with the restrictions that the Taliban had imposed. The position now is that the Afghan people have a new fear; they are afraid of the words that are coming from Washington—words that we have heard here. A think-tank in Washington said that we would be in Afghanistan for generations. We have also heard talk in this House about having a war in Afghanistan that will last for 38 years. The Afghans are saying, "What on earth are we doing? We have got these people in our country and we are suffering war eternal." They would prefer to have the Taliban back in control than continue with warfare in their country.

I do not want to deny that there have been improvements and gains made in Afghanistan, in schooling and around Kabul. I believe that it is possible for us to consolidate those gains and reach some kind of deal, but it has to be a political deal and not a military one. We must resist the presumption that Iraq and Afghanistan are the same and that we can repeat in Afghanistan what happened in Iraq. Iraq and Afghanistan are not similar; they are very different.

The Government in Afghanistan are deeply corrupt. That is nothing unusual in Afghanistan; corruption has been the lubricant for running Afghanistan for centuries.

Another figure is terrifying, but accurate. If we compare the number of our troops who have died—121—with the number of new millionaires in Kabul, the likelihood is that the number of new millionaires is very similar, if not greater. We know that for every British soldier who lays down their life, a new millionaire is created in Afghanistan, because of the money that we ourselves are pouring in. We were putting in small amounts of money between 2002 and 2006, but the figure is now up to the scale of a billion a year, and more money is being poured in by the Americans. Huge fortunes are being made by the corrupt oligarchy in Afghanistan, many of whom are in government and some of whom are related to the President.

Sadly, although we look to our soldiers and say that we want to honour their lives and honour their sacrifices and we believe that there is nobility in the cause that they are fighting for, I am afraid that the truth is very different. We will see more inquests; there is already a backlog of inquests, the findings of which are now coming out. I believe that each one of those inquests will show to the country that the blame for the deficiencies that led to lives being lost, often in very difficult circumstances, will be spread everywhere.

As we see the cost in terms of the lives lost and we dwell on those fatalities, the clamour from the public for a change of policy will be intense, and I believe that a change of policy is the right thing to do. We cannot go on making decisions like before; decisions have been made not in Washington but in this place, which have sent young men to die, I believe, in vain in a war that is impossible to win.

2.54 pm

Mr. James Gray (North Wiltshire) (Con): I congratulate my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) on securing this very important debate, for reasons that I will come to in a moment.

First, I want to say that the hon. Member for Newport, West (Paul Flynn) will find it disturbing that I agreed with quite a lot of what he had to say, until the very last part of his speech when he unfortunately linked the deaths of our servicemen in Afghanistan with the increase in the number of millionaires in Kabul. The two things are quite clearly not related and, frankly, I think that it was rather distasteful to have made that link. However, I agreed with much of the rest of his speech, for a reason that I will explain.

I do not speak here as any kind of expert on Afghanistan or on defence, and I am looking forward to hearing contributions from a number of my colleagues who have been to Afghanistan more recently than I have and who know far more about the country than I do. I think this debate is so important because it makes me think back to the time of the Iraq invasion, when I resigned my post as shadow Defence Minister because I was very much opposed to the invasion; I regret the fact that I did not vote against it and instead abstained, when I should have voted against it. At the time, I was deeply unhappy about the invasion. Since then, in my constituency and elsewhere, I have gone to great lengths to seek to justify what we are doing in Afghanistan; no one will find a more robust supporter of our strategy in Afghanistan than me.

Increasingly, however, as I have listened to some of the people who have already been quoted in the debate today, I am finding myself beginning to ask the questions, "Why are we in Afghanistan? What on earth are we trying to do there? And is there any chance that we can achieve the great aims that people are laying down for us?" I must say that I find the quotes that are emerging about Afghanistan deeply worrying. I know that our ambassador has denied the quotes that are reported to have been contained in a secret memo to President Sarkozy, quotes that said that it was not possible that we could win in Afghanistan and that showed that he was extremely negative about the situation there and that expressed the hope that there might be dictatorship there within four or five years. He denies that he said all that, but none the less it is worrying that it has been reported that he said it to President Sarkozy.

It has also been reported that Brigadier Carleton-Smith has said that he has been misquoted as saying that we cannot win in Afghanistan. Nevertheless, if one looks at both his interview on Sky Television and in *The Times*, the words that he used are very precise and very specific and he is not a person who would use language that could be misquoted. So a lot of people are saying that things are not going quite the way that they should be in Afghanistan. Having followed these matters for a number of years, I do not know why we are there.

It seems to me that the purpose of today's debate ought to be to come up with some kind of grand strategy for what we are doing in Afghanistan, if we can do that. There seem to me to be six possible reasons for our being there. The first reason, of course, is counter-insurgency. However, counter-insurgency means putting down insurgents, and who are the insurgents against? They are, of course, insurgents against us. The memo from Sherard Cowper-Coles, our ambassador, says very specifically that he thinks that we are now becoming part of the problem rather than part of the solution. If we were not in Afghanistan and if Afghanistan was as it was before we went there, would there be an insurgency? No, of course there would not, because there would be nobody to "insurge" against. There has to be an invasion force to have an insurgency against, so I doubt very much whether counter-insurgency works as a justification. What about counter-terrorism? Of course, that was the 9/11 justification.

Hugh Bayley (City of York) (Lab) *rose*—

Mr. Gray: I do not have much time, but of course I will give way.

Hugh Bayley: Does the hon. Gentleman not recognise that the insurgents spend at least as much time attacking the Government of Afghanistan and their institutions as they do attacking the troops of the international security assistance force?

Mr. Gray: "The Government of Afghanistan" is, of course, rather an odd expression. President Karzai's writ does not run much further than Kabul. The notion that there is some kind of Government rather akin to our own running across the whole of Afghanistan, which these awful people in the Taliban oppose, is an odd one. Incidentally, the Taliban were our allies in Gulf 1. The Taliban fought with us against Saddam, so they are not necessarily all bad people at all; many of them are quite good people. However, as I was saying, the notion that somehow or other we have a Government of Afghanistan who are being "insurged" against by the awful Taliban is, frankly, nonsense. Afghanistan does not work that way. I do not necessarily believe that there is really a counter-insurgency role for us in Afghanistan.

Counter-terrorism is a possible justification, but it is well accepted by everybody that most of the al-Qaeda forces have withdrawn from Afghanistan and are now in the tribal areas in north-west Pakistan. Perhaps we should have a presence in Afghanistan to prevent those forces from coming back, but if so, how the heck are we going to do that? The border is porous; there are vast numbers of al-Qaeda forces, and the more that we are in Afghanistan, the more they come across, so I am not certain that a counter-terrorism role necessarily works very well either.

Are we seeking to establish some kind of western-style democracy in Afghanistan—a sort of Guildford lookalike in Kabul? No, we are not. That is totally impossible and it would be absurd to seek to do it. We often hear from those on the Labour Benches about the notion of gender balance in the Afghan Parliament, and all of that—it is nonsense. Afghanistan is not like that. The notion that, if we were there for years and years, we might establish something that looks a bit like this great Parliament seems to me, frankly, nonsensical.

Are we in Afghanistan to reconstruct the nation through aid? Yes, I hope that we are and the fantastic operation that was the guarding of the Kajaki dam is a good example of precisely what we could do in the future. The more that we can conduct operations such as the Kajaki dam and provide electricity for the people of Helmand province, the better the situation there will be and the more likely it will be that they will say, "We

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like peace, we like democracy and we like the west." Frankly, at the moment, there is not much reconstruction going on; we are mostly warfighting, and I am not certain that that works.

Finally, are we there as some kind of springboard into Pakistan? Certainly, the United States of America seems to believe that aggressive operations across the border into Pakistan are justifiable. Just as I did not believe that our invasion of Iraq was justifiable under international law, I do not believe that any intrusion into Pakistan's airspace or land is justifiable under international law, so I do not accept the argument for our presence in Afghanistan as some kind of springboard for intervention in Pakistan.

These are difficult questions to which I do not have the answers. There are people in this room who know far more about the situation than I do, but, speaking on behalf of the people of North Wiltshire, I must say that these are the questions that people are asking. People are saying, "Why are we in Afghanistan?" I hope that my colleagues will shortly be able to enlighten me.

3 pm

Hugh Bayley (City of York) (Lab): I returned from Afghanistan on Monday evening. I was there for four or five days and had the opportunity to meet President Karzai and General Wardak, the Defence Minister. One of the success stories of Afghanistan has been the creation of a disciplined and effective Afghan national army, but I agree with hon. Members that the army needs to be increased in size, so I am glad that there is now approval, including funding approval from donors, to double its strength to about 135,000. There are political risks in having a long-term foreign military presence in the country, and also huge cost implications. It costs $50 billion a year for the NATO and allied military presence in Afghanistan, but when the Afghan national army reaches its full strength, although funded largely by donors, it will cost about $3.5 billion.

I met General McKiernan, several other senior military commanders, the international security assistance force senior civilian representative, the United Nations Assistance Mission in Afghanistan, Governor Atta in Balkh province and others, and I fundamentally disagree with my hon. Friend the Member for Newport, West (Paul Flynn), who said that the Afghan public would rather have the Taliban back than have conflict. Absolutely nobody to whom I spoke—none of the women and none of the women MPs—wants to see the Taliban back. There is a danger that they will get back into power if the Afghan Government, who—let us get the facts straight—have a presence way beyond Kabul, do not provide the security that people desperately need, or deal with corruption, especially within the police, who prey on, rather than protect, the people of Afghanistan.

One positive thing that I saw in Afghanistan, however, was last week's presidential decision to sack the notoriously corrupt Interior Minister and replace him with the capable former Minister of Education. It will not be long until the election—probably in September next year—and it is extremely important that President Karzai's Government make real and tangible progress that people can see on dealing with corruption. That means getting rid of the vast majority of the police chiefs, because they have bought their jobs at $200,000 a piece. They think that they can extract a rent from the people in the provinces where they are chiefs, and that has to end.

I visited the country about a year ago with the Select Committee on International Development, and we published our report in February. My impression from my recent visit is that the security situation has certainly deteriorated. The Taliban and other insurgents have turned more to terrorism and away from straight-on fighting with allied troops. They know that they cannot defeat ISAF or the Afghan national army, but then neither can ISAF defeat the insurgents militarily; the best that it can do is to provide conditions of sufficient order to find a political solution. That will include talking with elements of the insurgency. I am not sure that I agree with the hon. Member for North Wiltshire (Mr. Gray), who said that there are some good guys in the Taliban with whom we ought to get together, but there are some guys who have support, and it is important to try to do the politics and align as many tribal leaders—it is a tribal country—as possible with the Government.

Our capable ambassador in Kabul was recently reported, through a French leak, to have said that he does not believe that the war in Afghanistan can be won militarily. That is not a new view; he expressed it to the International Development Committee a year ago. The point of the military presence is to provide the conditions for economic development that improves the material welfare of the Afghan people, so that they see some benefit from President Karzai's Government, and to provide security until such time as the Afghan forces can provide it themselves. The comprehensive strategy, which ISAF follows, of providing security, working with the Government to improve governance and providing development assistance to address the material needs of the people is the right strategy.

Mr. Andrew Smith: I welcome the thrust of my hon. Friend's argument. When he was in Afghanistan, did he get a clear idea of the constraints on a more rapid expansion of the Afghan army? Is that not an essential path to establishing the security that we both want?

Hugh Bayley: That is absolutely essential. It is an effective force because it is well trained, disciplined and well recruited. There are people in this room with military experience, which I do not have, but if one were to try to wave a magic wand and create that situation in three months, one would fail. One has to work to provide the skills and the command structure to enable a larger army to do the job that the smaller Afghan national army does.

Owing to time, I shall not talk about the difficulties that I saw with the caveats and other differences of policy between partners in NATO, but I am happy to talk to colleagues outside the Chamber about those difficulties, although I am sure that most people are largely aware of them.

On development assistance, however, it is as important to co-ordinate development strategy among the donors as it is to co-ordinate military strategies within ISAF. The International Development Committee, when we were writing our report, received from the Peace Dividend Trust and others evidence that was reinforced by my meetings with UNAMA over the weekend—evidence that when aid is spent directly, it produces substantially

less per dollar than when it is channelled through the Afghan trust funds to enable the Afghan Government to deliver to the people benefits such as schools and wells in villages.

It is important that the Afghan Government provide those benefits. In Helmand province a year ago, I saw some of the many wells that the Department for International Development had funded. However, the work is done by the Afghan Ministry of Rural Rehabilitation and Development. If they were sunk by a British contractor with a Union flag on the top, the Taliban would blow them up the following day, but if the Afghan Government provide them, it is very difficult for the Taliban to blow them up, because they are also fighting a battle for hearts and minds.

There is a huge problem with corruption in the Government, and we have to address it, because if they remain a corrupt Government who are unable to deliver improvements in basic welfare for their people, the project will fail. Although people express doubts about what is happening in Afghanistan, and I certainly came away from my visit with some doubts that I had not had before, fundamentally, what is the alternative? It is one of the poorest countries in the world. We, as a development donor, would need to work with partners in Afghanistan for 30 to 50 years whether or not the current security situation existed. We have a responsibility to stick with Afghanistan. The problems are great, but I have confidence in our military and civilian teams in Afghanistan.

Time prevents me from talking about the new anti-drugs strategy that ISAF will follow, which has been authorised by NATO Defence Ministers. The situation is, I accept, not an easy one, but it is not a situation that we can walk away from.

3.10 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to participate in this important debate. I am delighted to see the Minister here, although I was hoping to see a Foreign Office Minister, to explain the strategy. Our soldiers are working extremely hard on top of the hill to try to protect what is happening down in the village. My concern is that not enough is happening down in the village; that is why our soldiers on top of the hill are being shot. That is the fundamental issue with respect to what is going wrong in Afghanistan. I hope that the Minister is taking notes, because we are keen to learn what has happened. There has been a huge amount of mission creep since we first went in to try to deal with al-Qaeda. Now we are, as I heard a few months ago, dealing with counter-narcotics. We need to understand exactly what our mission is, and the end game.

I am very concerned. I visit the country every five to six months, and I predict that there will be civil war there unless there is a turnaround in four key areas. The first of those is a review of the constitution. The idea that the one-size-fits-all approach with Kabul and President Karzai at the top should suddenly work for the whole of Afghanistan is fundamentally flawed. It ignores the wonderful celebration of ethnic mixes, alliances, allegiances and tribes that makes up Afghanistan. It is not really a country; it is a wonderful tapestry of different alliances. That should be celebrated and recognised in the constitution, instead of everything pointing to Kabul. If one speaks to someone in a village in Sangin district, they do not really look to Lashkagar, let alone Kandahar, and Kabul is another country away. That is ignored in the constitution and I am afraid none of the provincial leaders is given the autonomy or operational funding to enable them to conduct their activities and allow the local system of governance to grow. That was the first, and fundamental, error, which has meant that we will be there much longer than we should have been.

The second key area is improving local security capability. I bet that we will hear again the numbers that are thrown out about how large the Afghan army is, and how it will double in size, along with the police force. I am afraid that in reality the operational effectiveness of both is very weak. The police force is 70 per cent. illiterate and most officers have a day job in the police and at night are involved in counter-narcotics.

David Davis: You mean narcotics, not counter-narcotics.

Mr. Ellwood: Absolutely—they are involved in narcotics; I stand corrected.

Helmand province has been mentioned, and yes, we are making a fantastic job of teaching and training a new Afghan army, but there are four battalions based in Helmand province and just one is of operational effectiveness. That means that there are just 400 people we can work with in the whole province. Those are minuscule numbers, which is why we need to be able to train much faster. It should have happened. I am angry with the Germans about that; they were the ones who put their hands up in 2001 and said that they would train the police force. Did that happen? No, it did not. That is why the Americans have had to come in.

The third key area is to do with the vision of the country itself. There is huge agricultural potential in Afghanistan. At the moment there is only one market—the black market—and everyone is engaged in the poppy trade. The only way we will change that is by improving infrastructure and allowing the three main arterial routes to be improved. No one is working on railway lines, or, really, to improve the dual carriageway system, to get the produce—whether that is apricots or dried fruits—to the Indian ocean or, indeed, on to the Trans-Siberian railway. Everything must be flown out, which is far too expensive, and because of that there is no market. Therefore, the only market people rely on is the black market, which is why everyone is involved with poppies.

Fourthly, I want briefly to talk about Helmand province—I am trying to stick to your guidance on time, Mr. Taylor. The province is a British affair. We can criticise and be upset about the fundamental lack of co-ordination between our NATO allies, but what is happening in Helmand province is a British responsibility, and I am afraid DFID does not do danger. It does a wonderful job in places such as Africa and in other parts of the world, but when it comes to working in an insecure environment, it does not happen. We need a revolution in the way we approach our reconstruction and development works. That happened with respect to the way our armed forces operated when we moved from a cold war scenario to counter-insurgency operations, and it worked well. The same has not happened as far as

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dealing with reconstruction and development. I want to state firmly my desire that the British Army should take over that responsibility. There is a window of opportunity of about six months to a year, on going into an insecure environment, in which to create and build the necessary hearts and minds projects, until it becomes safe enough to allow DFID and the other agencies and contractors to come in and take over. Until that happens, what is going on in Helmand province will continue: that is very little, while the locals get frustrated because their life has not changed enough to have an effect.

I am very concerned that the police do not have the necessary ability, and I think that we should listen to General Rose's comments and have a debate about whether to follow the line that we took in Iraq—the awakening process, under General Petraeus, by which we allowed local militias to grow. That happened in the UK 500 or 600 years ago, and in America during the revolution. It happened all over the world. That is how police forces develop in poor and underdeveloped countries—not by shipping in people with no alliances or allegiance to the local area. We need a debate about that; it would expedite the security process, which is so fundamental if anything else is to happen.

There are some serious questions, to which I do not think we will hear the answers today. I should like a regular debate to be held in the House of Commons, not in Westminster Hall and not just with the Minister who is present today but with the Secretary of State for International Development and the Foreign Secretary. All three of them are tied in to what is happening in Afghanistan and we do not get enough feedback, and cannot contribute to debate on those important issues. I hope that the Government have the strength to listen to what is being said today, recognise what is not working and be brave enough to take a new direction.

Several hon. Members *rose—*

David Taylor (in the Chair): Order. There are now five hon. Members who wish to speak, and 14 minutes available, so if hon. Members could keep their comments brief it would be most helpful.

3.16 pm

Jeremy Corbyn (Islington, North) (Lab): I shall be very brief. The House owes a debt of gratitude to the hon. Member for North-East Hertfordshire (Mr. Heald) for obtaining the debate. Both he and the hon. Member for Bournemouth, East (Mr. Ellwood) have made an important point: there is insufficient parliamentary scrutiny of what is happening in Afghanistan, insufficient time for debate and an insufficient number of statements.

No one who has so far spoken in the debate has shown great optimism or confidence about what is happening or is likely to happen in Afghanistan. The policy clearly does not enjoy universal support in the Chamber, or, I suspect, among the British public. The last opinion poll showed that 54 per cent. of the population of the country want the troops to be brought home. I suspect that those opinion polls are mirrored all over Europe and in many other parts of the world. There is, however, a degree of unity in the United States about continuing with the policy. Both Barack Obama and John McCain are pursuing essentially the same policy on Afghanistan. It is a question of who would put in the most troops the quickest, and who would bring about a solution to the war quickest. I would caution both of them to think back a little to how we got involved in the mess in the first place.

Only nine days after 9/11, President Bush made a blood-curdling statement to Congress, demanding all sorts of things of the then Afghan Government, led by the Taliban, which he decided were not delivered. A war was therefore unleashed against Afghanistan. Many thousands of wholly innocent ordinary Afghan people died as a result of high-level bombardment from the west. Their families have not forgiven or forgotten what happened then. The war was meant to solve the problems of 9/11 and teach the world that the US was in charge, after which all would be well.

It is now seven years since that happened. The war has taken considerably longer than the second world war, and has cost a vast amount of money. It has not brought about the peace or justice it was supposed to bring about. One should not forget that the behaviour of US forces shortly after they arrived in Afghanistan in 2001 led to imprisonments at Bagram air base, the establishment of Guantanamo Bay and the gross abuse of human rights by a country that claimed it was defending them.

Mr. Adam Holloway (Gravesham) (Con): Is the hon. Gentleman's difficulty that we got rid of the Taliban, or that we messed things up in the seven years since—or both?

Jeremy Corbyn: First, the Taliban have not been got rid of; they are clearly still there. Otherwise, I suspect the war would be over. I also think that the whole philosophy and strategy were fundamentally flawed from the beginning. However, it suited the purposes of President Bush at that time to pursue the war. We have thus suffered a serious loss of liberties. That applies not just to the people who unfortunately ended up in Guantanamo Bay, but to every country that has pursued the absurd war on terror.

These things are dangerous, and they go on for a long time. The war has now actively spread over into Pakistan and we have the ludicrous situation that occurred a couple of weeks ago: because unmanned aircraft are bombing villages in Pakistan, people are now fleeing across the border into Afghanistan to avoid the US bombing, and then when the US starts bombing villages in Afghanistan they go back across the border. We should put ourselves in the position of the Pakistan; Government, who are in a complicated bind. Do they pursue a war in support of what the US wants, knowing that it is unpopular with a majority of the Pakistani people, or do they nothing about it and allow the US to invade their country, when they are supposed to be allies of the US? These are dangerous times that could well lead to a political crisis and collapse in Pakistan—a country that possesses nuclear arms. The situation is not simple; it is in fact very dangerous.

I urge an end to the fiction that there is going to be a military victory in Afghanistan, or that western-style government covering the whole of Afghanistan is going to be imposed. Everybody knows, including the braver people in the military, that to end this war, there will

have to be political dialogue—yes, with the Taliban and yes, with elements of the Taliban. The Taliban are not a seamless whole. One cannot go to Kabul, knock on the door of the Taliban head office and ask to see the general secretary of the Taliban to have a discussion; it does not work like that. There are lots of different factions and elements. There has to be that dialogue process; otherwise, we will end up with the most terrible loss of life among British soldiers, coalition forces and civilians in Afghanistan, and we will see the extension of the war way beyond the borders of Afghanistan. This is a time for reality check and a time to look for peace, not an expansion of this ghastly conflict.

3.22 pm

Patrick Mercer (Newark) (Con): I congratulate my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) on securing this important debate. It is a pleasure to follow the hon. Member for Islington, North (Jeremy Corbyn). All I would say in response to his comments is that I do not think that anyone but a fool would think that this campaign, war, policy, insurgency—call it what we will, although the language is important—can be won by military means alone. I am sure that the Minister would agree with that.

I was brought up with tomes of counter-insurgency documents, such as Frank Kitson's books or Robert Thompson's books, based on the British and American experiences of counter-insurgency. I was surprised, therefore, after Baghdad fell, when I spent some time on the Iraq-Iran border at a relatively benign time, to be told by the locals, "Listen, get your reconstruction right, because if you don't, you're going to have a Shi'a uprising, you just are. Iran is going to be drawn into this conflict, as sure as eggs is eggs." That comment was clearly made to me. Thompson, Kitson and the higher command and staff course all teach that counter-insurgency is not fought by bombs and bullets alone.

I do not mean to patronise the Minister in any way, but I hope that he will allow me to reflect some of the comments of a certain infantry battalion—its name he can probably guess—which returned from Afghanistan recently with nine dead and more than 30 injured, and which is due to return in the near future. I shall set out what my former comrades are telling me of their deepest and most grave concerns for their return to Helmand next spring.

The first has been touched on by a number of different people. My former comrades are not clear in their minds what the relationship is with the Pakistani Government, what the position is of the Inter-Services Intelligence—the Pakistani intelligence service—or exactly what is being done to control the movement of foreign fighters to and from the border. They are happy, and I hope the Minister believes this, to kill those people, but by golly, every time that they knock one down, three more seem to spring up. They are not clear about that. That has a major impact on their morale, particularly for men who are now seasoned fighting soldiers.

The second point is an unlikely one to come from a military mouth, or at least I thought that it was. They are unclear about where the future lies for the process of security sector reform and reconciliation in particular. I was asked, for instance, what exactly was the position with Michael Semple and the United Nations official Mervyn Patterson? What were they trying to achieve? If they were doing what it is said they were trying to do, which was broadly praised by my former comrades, why were they arrested? Why were they ejected? What is the position on reconciliation? Going back to Thompson and Kitson, reconciliation means talking to the enemy, trying to turn the enemy into our friends, and heavens above, that was the secret to our supposed, or at least our partial, success in Northern Ireland. Where do we stand on reconciliation?

The next point, which I thought was absolutely crucial, was the question of why we are so poor at communicating our views with the world through the national and international media. They made the point that all that the Taliban have to do is to pick up a mobile phone and speak directly to al-Jazeera to allow their particular bit of poison to drip into the world's ear, yet if a military public information strategy is being thought up it is "staffed to death"—their phrase, not mine. Nothing is agile about how we put our views, or our propaganda, into the world arena. It is slow, cumbersome, risk averse and too often, it is politically correct. The enemy are defeating us with propaganda just as surely as they are damaging us with bombs and bullets.

The next two points fall under one generic heading, which concerns the key to local success. I am not of the school that believes we will ever see an established democracy with universal peace in Afghanistan, any more than we did in the 19th or 20th centuries—it is not that sort of country. None the less, the key to that peace lies in two places: the Afghan national police and the Afghan national army. I will not repeat the points that have been made much more eloquently by my some of my hon. Friends and the hon. Member for Islington, North. If we wish to have a competent police force, and not, to quote a former colleague of mine, one that is

"seen by the Afghans as corrupt and narco-ridden"

and if we are to have a reliable army, we must provide the right number of instructors, trainers and mentors, in a benign environment in which training can occur. If the trainers and the operational mentoring liaison teams keep getting killed and shot, and if that job is seen as the single most dangerous military job in Helmand province at the moment, we are simply not progressing.

On a point that is more wide-ranging, but which is really the same argument, if redevelopment and reconciliation occur and if security sector reform generally occurs and an area is pacified—although that is a relative term—and it becomes as benign as Kabul or Lashkagar have been, the rules of counter-insurgency dictate that there must be enough troops, police, or paramilitaries, whatever they are, to hold those areas and to keep them benign. We cannot have the sort of operations springing up behind our front lines that we have already seen.

In conclusion, I ask the Minister to address those specific points and to add his weight to the argument that if we are going to try to contain the situation, if not triumph in this area, there have to be enough troops properly equipped with enough transport, aircraft and resources.

3.28 pm

Mr. Adam Holloway (Gravesham) (Con): I shall be brief, and not inflict my dreadful voice on everyone for too long. Clearly, we will win this only with a political

[Mr. Adam Holloway]

settlement. People have spoken about increasing the capacity of the Afghan national army. That is probably a much more important way forward than increasing the number of foreign troops, apart from those with niche capabilities. We are always told that it is hard to generate an army quickly, but Afghanistan is probably the one country in the world where one can generate large numbers of men under arms quite rapidly. What is happening at the moment and what has happened in history teaches us that in Afghanistan, foreign troops are a problem.

On the subject of the police, we have spoken about police mentoring teams. Actually, what we need more than mentoring teams teaching people how to be good detectives or gather evidence, is political commissars, in terms of the appointment of police chiefs.

Finally, we talk about corruption, but we are supporting a deeply corrupt Government. If we do not deal with that, we will be finished. If we cannot ourselves deal with corrupt senior officials, we can use our intelligence services and police forces to put together dossiers with incontrovertible evidence for the President and thereby get high-profile prosecutions of a few of those people.

3.30 pm

Bob Russell (Colchester) (LD): I want to try to give a positive, upbeat message after what we have heard over the past hour. I have visited Afghanistan twice this year, most recently last month, to meet members of 16 Air Assault Brigade from the Colchester garrison, which I have the pleasure and privilege of representing. I am delighted to say that the last of the 2 Para soldiers returned as recently as Monday, as a big spread in the local newspaper reported. I want to home in on comments made by the commander of 3 Para, Lieutenant-Colonel Huw Williams, who said that the insurgency in Afghanistan will go on for a long time. He said that the international community would not let go, and that it would be wrong to desert the Afghan people now, especially after what has been achieved.

It is in that spirit that I want to quote the words of Victoria Bateman, who contacted me. She is the young widow of James Bateman, one of the young soldiers from 2 Para who lost his life in June. She stated:

> "The one wish that I have now is that James' work is not forgotten and his memory is preserved in a positive manner, and I will do everything that I can to ensure this."

Tomorrow, Victoria Bateman will be joining other members of the families of 2 Para at a regimental church service at St. Peter's church, Colchester, where they will remember the nine soldiers from 2 Para and four others attached to 2 Para who have lost their lives in the past six months. They are among the 32 in total from 16 Air Assault Brigade who have lost their lives.

It is in the spirit of remembering good work in a positive manner that I want to inform Members of the visit to the House of Commons early in the summer by the chairman and deputy chairman of the Helmand provincial council. They were accompanied by two women members of the council, and of course that would not have been possible if the Taliban were still running Afghanistan. Mr. Anwar Khan thanked Britain, especially our armed forces, for all that this country is doing to help his country and its citizens, whom he explained wanted once again to be part of the civilised world after experiencing some 30 years when their country was systematically destroyed. He mentioned the positive role of the help given to provide security against insurgents, the training being given to the Afghan police and army, and reconstruction work, including the building of schools, hospitals, clinics, houses and roads.

As we heard, the Afghan national army is expanding. It will virtually double in size over the next four years to about 130,000 or 135,000 soldiers, and, as I witnessed when I was in Camp Bastion only last month, it is increasingly playing a role in the security of the country. It is losing more men than the allies are.

Having heard the upbeat message from the chairman of the Helmand provincial council, I hope that it is in that spirit that we in the British Parliament look at Afghanistan. The solution cannot be a military one only—I believe that that is accepted—but our military personnel are making a huge difference to the lives of ordinary Afghan people, ensuring that the country does not return to being a haven from which terrorism is exported around the world.

Paul Flynn: Was the chairman of Helmand provincial council upbeat about the fact that at least one half of his province is controlled by the Taliban?

Bob Russell: I must confess that he did not say that, but I would like to move on to how I see Afghanistan in the future. It has to be decentralised, with province-led governance and administration. Yes, there must be a national umbrella, but the reality of tribal loyalties and allegiances must be recognised. Taking that line and bringing in the various factions would be the way forward. The solution cannot be a military one only—politicians and the military have to work together.

As I have indicated in the Chamber in the past, and in Prime Minister's questions not that long ago, there is a problem, and it is the failure of our European NATO allies to deploy sufficient troops to support the effort. For example, there are 70 caveats which result in other European NATO countries finding it difficult, to put it mildly, to play their part. That is not acceptable.

I endorse the words of Brigadier Mark Carleton-Smith, commander of 16 Air Assault Brigade, whom I met at Camp Bastion. I am sure that it would be difficult to disagree with the top man in Afghanistan when he says that there will not be a military solution. He said that the British troops had taken the sting out of the Taliban in 2008, but that it would be necessary to engage with the Taliban in the future governance of the country.

I appreciate that time is against all of us who would like to contribute to the debate. There is another example of the British military playing a crucial role in the redevelopment and reconstruction of Afghanistan: their incredible achievement only a few weeks ago in taking a turbine through 50 or 60 miles of hostile Taliban country to the Kajaki dam. That was the biggest military effort since the Falklands war. I am told that it was the first time since the second world war that all four battalions of the Parachute Regiment have engaged on a single mission. We should celebrate such achievements.

I regret observations that could be misinterpreted not only by the British people and Her Majesty's armed forces but by the people of Afghanistan. I cannot speak for the whole of the United Kingdom, but I can certainly speak for the garrison town that I represent, where there is considerable pride in what has been achieved and a

certain knowledge that lives have not been lost in vain. It is in the interests of this country and the whole democratic world that Afghanistan does not return to what it was six, seven or eight years ago.

I hope that the Minister will accept that there is a message of hope, and that the British armed forces are doing a good job. That is recognised by many people in Afghanistan. I can only repeat what was put to me by the chairman of the Helmand provincial council. He does not want his province to revert to what it was—a place in which women had no say, girls did not go to school and society was run by tribal warlords. It is important to bring everybody together, and the way forward is to engage the Afghan people more, decentralise, have provincial governance and assist our troops, who need more support from our European NATO allies.

3.38 pm

Dr. Andrew Murrison (Westbury) (Con): It is good to serve under your chairmanship, Mr. Taylor, and to hear so many luminaries speak this afternoon. It is a pity that we could not get everyone in. I congratulate my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) on securing this extremely important debate.

It is a great pity that, six or seven years on, we are here with a Defence Minister. I like the Minister very much indeed—he is a great man—but it is a pity that he is not a Minister from the Foreign and Commonwealth Office or from the Department for International Development. That would have been a mark of where we might have been but, sadly, we are not.

Arguments about Afghanistan being a proving ground for NATO, for being an exercise in facilitating the ability of Afghans to cast a ballot, or for the lifting of a country out of poverty are supplementary. Although worthy, they are intermediate goals that are admissible because they facilitate the reduction of the threat of terrorism on Britain's streets, and the desolation and criminality caused here by Afghanistan's chief export. That should be our lodestar.

In 1936, the sociologist Robert Merton published "The Unanticipated Consequences of Purposive Social Action", which I am sure the Minister is familiar with; he will certainly be familiar with the law of unintended consequences, which is the guts of it. In Iraq, all five contributing factors that Merton identified as likely to lead to unexpected and perverse outcomes from Government action were satisfied. I suspect that Merton would have been less alarmed by Afghanistan. However, a jaw-dropping failure to understand what was going on was evidenced by the estimation of one of the Defence Secretary's predecessors, which was that we could do whatever he then had in mind without a single shot being fired. We see it also in a complete failure to get to grips with the nature of the Taliban.

Brigadier Mark Carleton-Smith has had to write 32 difficult letters during his six months in command of 16 Air Assault Brigade in Afghanistan. His view is:

"We're not going to win this war".

If winning means establishing a Jeffersonian liberal democracy in Afghanistan, he may be right. The brigadier says that, at some point, we will have to sit around a table with the Taliban. Well, it is their country; they are not going away. This appears to have dawned, belatedly, on the Kabul Administration. Having laid into western leaders for parleying with insurgents, we now find that Karzai is opening up lines of communications with Mullah Omar. That is good. But we really should have no truck with the conceit of not treating with those we define as terrorists. Indeed, the Government have more experience than most of dealing with those at what we might call the fag end of statecraft, both at home and abroad. Already, the Government are having to hold their nose while dealing with the fragile, corrupt and potentially capricious regime in Kabul and, at the same time, training up their army and police force. Without tackling endemic corruption, there can be no chance of success in Afghanistan by any measure.

During the ultimately successful counter-insurgency war in Dhofar, it was necessary in 1970 to secure regime change: the sultan had to go. But in Afghanistan, in wondering how much progress we will see under the current management, we have to ask—no doubt Brigadier Carleton-Smith has—whether the alternatives would be very much better.

We talk about winning the battle of hearts and minds in a fairly loose way. In total war, the attitudes of civilian populations are of secondary importance to the need to secure military advantage and military victory. The reverse is the case in the sort of counter-insurgency operations we have seen since 1945. With the United Nations reporting that Afghan civilian deaths as a result of coalition action have risen by 40 per cent. this year, I wonder whether the Government have had sufficient regard to the primacy of heart and minds in the ultimate outcome of the two major conflicts that have occurred on their watch. Hearts and minds means aid and development. The UK has chosen to channel its aid largely through the Afghan Government. Will the Minister say whether, in retrospect, he feels that this has been wise?

United States aid is always clearly badged; we see on our television screens buckets of gear going out, clearly marked with the stars and stripes. That helps to paint America in a favourable light and helps give it mitigation in the eyes of many Afghans. The drug barons and the Taliban are building schools and hospitals in the south of the country and making it abundantly clear to the population who they are indebted to. Surely, we should also be shouting our philanthropy from the rooftops.

Government strategy in Iraq and Afghanistan is underpinned by the extraordinary service of the men and women of our armed forces. Last week, I had the great privilege of visiting our troops in Iraq, most of whom seemed to have recent experience of Afghanistan. All of them reckon that this will be their last tour of Iraq; all of them reckon they will be going to Afghanistan in the fullness of time. My trip to Iraq allowed me to inspect our range of quaint airborne antiques, which are part of the problem and about which the Minister and I have corresponded. I know that he has also corresponded with my right hon. Friend the Member for Witney (Mr. Cameron) on this issue, in respect of rest and recuperation leave for our troops.

It is important to understand that our troops are first rate. They are doing the bidding of the Government. They must not be taken for granted and I know that the Minister does not intend that they should be, but it is clear to me, having spoken to our troops in Iraq and having had a range of correspondence on this topic, that one of their chief bugbears at the moment—I

[Dr. Andrew Murrison]

suspect that this also applies in Afghanistan—is a problem with the airhead, which cuts into their rest and recuperation leave. I hope that the Minister is able to reassure me on the subject of troop transport aircraft and that he will also say categorically that troops are not being delayed at airheads because of the want of aircraft anti-missile kit, which makes service aircraft incapable of operation for trooping flights in Iraq and Afghanistan.

May I also press the Minister on equipment in general? The good news is that the message I am getting is that the new kit coming on line is good, albeit belated. I welcome the Minister's statement today on the protected mobility package, which looks like it will help to improve safety and security in Afghanistan, particularly. But—there will always be a "but" from me—not all of these are new orders. It would be useful to hear him say how the total of £700 million that is cited is arrived at: whether it is £600 million for the mobility package plus £96 million for Talisman, which is what I think it means, or something different. Perhaps he can say whether we can assume that the element of the mobility package not funded by the reserve will, at £100 million, have to be paid for by the Ministry of Defence or whether it will be in excess of that. In addition, is the £500 million to be taken from the reserve already included in the latest reserve estimates? The Minister will know the implications of that if is so.

May I also press the Minister on training on this new kit? I heard from people in theatre that it is all very well having kit—I saw a lot of it when I was in Iraq—but it is no good if they have to train on it when it is in theatre; they need to train on kit when they are in the UK. Of course, we are cutting back on training because of overstretch, but it is a pity that that appears to be impinging on vital training on the new kit being introduced.

The platoon house strategy has been tried and found costly. If it is the Government's intention to avoid search-and-destroy operations in favour of "clear and hold", would the Minister agree that we must find more soldiers? Training and recruitment of the Afghan national army, particularly senior officers, have been slow and our European so-called allies have been found unwilling. That leaves, for practical purposes, ourselves, the US, the Dutch and the Canadians, and at least three of those countries will continue to be over-committed, even post-Iraq.

We may have to start thinking outside the box. General Sir Michael Rose argues that irregular Pashtun militias might be conscripted as force multipliers, citing experience in Oman in the 1970s. A combination of collateral reduction and force multiplication could be crucial as we reach a tipping point at which the uncommitted majority in the south and east of Afghanistan start to decide which side looks like a winner and therefore which one they should back.

More in hope than expectation, I must press the Minister on countries that are not pulling their weight in the coalition, despite being signatories to it. It is accepted that our role in Afghanistan is to protect the home front. If that is so, the same goes in France, Germany and Italy. How long must we indulge national caveats that mean, in the words of one soldier I met last week, that many coalition troops in theatre are about as useful as a chocolate fireguard? It is not just an aversion to losing soldiers. Britain alone has given £600 million in aid to Afghanistan since 2001 and has been at the forefront of what redevelopment has been achieved. Yet the Germans and Italians, for example, having undertaking responsibility for police and judicial reform respectively at the Tokyo conference of 2002, have left both chaotic and inadequately funded. How odd then that our newly minted Defence Secretary should think that the solution is a European army and that those who oppose it are "pathetic" and

> "don't understand the nature of the modern world",

since a European force would, apparently,

> "project power, strength and conviction around the world."

Not, it seems, in Afghanistan.

3.49pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I congratulate the hon. Member for North-East Hertfordshire (Mr. Heald) on securing this important and timely debate. We have 8,000 military personnel and 400 civil servants and contractors in Afghanistan, and we have lost 121 people in that benighted country since 2001. During 16 Air Assault Brigade's recent six-month tour—it has just arrived home—we lost 32 people, and a further 30 were seriously wounded. In recent days, the murders of Gayle Williams and David Giles by militants in Kabul reminded us that the country's capital remains a dangerous place. I am sure that we all pay tribute to those who have paid the ultimate sacrifice, and to all those who take such a risk on our behalf. Our thoughts are with the families of those we have lost, and our eternal gratitude belongs to all those who serve our country.

Such investment in blood and sweat, to say nothing of pounds and pence, rightly raises challenging questions. Why are we doing this? Is it worth it? Should we continue and, if so, for how long? A further key question, which I have heard only my hon. Friend the Member for City of York (Hugh Bayley) ask so far today, is: what are the consequences of our not continuing? A related question is: how much is our effort in Afghanistan in our self interest? My hon. Friend the Member for Newport, West (Paul Flynn) said that we should never have gone in there in the first place because were stirring up a hornets' nest, and it is all terrible. That presumes that if we had not stirred up the hornets' nest, the hornets would have remained quietly buzzing in the corner, and would not have stung us hard.

My hon. Friend complains and worries about the furore at the loss of life, and at the inquests into the loss of some of our people, which will continue. But what about the furore if we have another 9/11 or 7/7? We cannot say that the country is over there and unconnected with our national interest and security. Yes, I want us to open schools, I want women to be able to participate in education, and I want Afghans to be relieved of the mediaeval tyranny of the Taliban, but that is not my main motive for allowing our people to go to, and sometimes to die, in a faraway place. My main motive is the protection of our people back home. If I did not believe that our involvement in Afghanistan was inextricably tied up with our security back home, I would not support our involvement in Afghanistan.

Mr. Ellwood: I think we all agree that we shall be in Afghanistan for some time, so perhaps I could bring the Minister back to that debate. I understand from my visit to Helmand recently that the Americans are building a second runway at Camp Bastion, and are introducing 9,000 combat troops. That will dwarf the British presence there at the moment, and change the dynamics considerably. Will the Minister explain why that move has been made, and how command and control will work?

Mr. Ainsworth: The move has not yet been made, but it is under consideration, as the hon. Gentleman knows. Several hon. Members have said that the Americans are having a review, and asked whether we are having one and should have one, and the hon. Member for North-East Hertfordshire made that a central point. I sometimes think that when we have review after review, we are in danger of pulling up the plant to see whether the roots are growing. Of course, the Americans are having a review. They will shortly have a new President and a new Administration, and they will want a completely fresh look at what they do, how they do it, and so on. We will be involved in that. We will have our people there, and we will try to exercise whatever influence we can over American interests, but our policy is still totally and utterly justified in my opinion, and I have heard nothing today to suggest that it is not.

My hon. Friend the Member for Newport, West said that we must move away from the fiction of military victory, but I do not know where that fiction comes from. It is not a fiction that the Government have ever spread around. It is not new when people say that the military alone cannot win in places such as Afghanistan. Everyone understands that, from the Prime Minister down to Defence Ministers, commanders on the ground, and right down to captains. They know that the operation is about winning the people; it is not about killing the Taliban. The hon. Member for Newark (Patrick Mercer) understands the military procedures and doctrines better than I do. The operation is counter-insurgency. That is well understood at every level in our military, and is built into our thinking.

Jeremy Corbyn: The troops have been in Afghanistan for seven years, and the Ministry of Defence talks openly of their staying there for another 30 years. How much longer does the Minister honestly expect us to bear the cost of deploying the troops and suffering the loss of life in Afghanistan before there is any political settlement?

Mr. Ainsworth: We have never tried to say, and no one has ever suggested, that our involvement in Afghanistan would be short-term, or an easy and quick win. I return to the question: what if we were not involved? The hon. Member for Colchester (Bob Russell) asked the question, as did my hon. Friend the Member for City of York. There is no easy way of walking away and turning our backs on the situation.

Paul Flynn: The hornets' nest that we stirred up was the incursion into Helmand province. Our decision to invade Afghanistan was originally supported by every member of the House, including me, on the basis of reducing the threat of terrorism by weakening the Taliban and removing al-Qaeda's safe base from which to operate against us, but the Taliban have been greatly strengthened, and Osama bin Laden and al-Qaeda have an even safer base in Pakistan, so the threat of terrorism is the same.

Mr. Ainsworth: The heart of the insurgency is in southern Afghanistan, in Kandahar and Helmand. To suggest that one can go into benign parts of the country, but not the dangerous parts, and somehow deal with the insurgency is not reality.

The situation is far from perfect. There is much to be done and there are major challenges ahead, but we should not allow the fact that the situation is difficult make us defeatist. We must be strong and determined, and we must remain unflinching in our commitment to Afghanistan, because our vital national security is at stake. This is a question of our national interest. Unless we are happy for those who seek to wreak havoc on the streets of our country to be free to train in the ungoverned space that is there, as they were doing before 2001, our involvement is inevitable.

Mr. Bernard Jenkin (North Essex) (Con): The right hon. Gentleman makes some eminently sensible points, but it seems likely that, with either new President, we will be asked to take part in some kind of military surge in Afghanistan. This debate has shown that all parties are very concerned and that there needs to be considerably more debate, understanding and confidence that the Government will support a policy of engagement with the tribal leaders to promote local governance in the provinces to ensure that this campaign is effective. Will he undertake to have a debate on the Floor of the House, before those decisions are made?

Mr. Ainsworth: The hon. Gentleman knows that I cannot promise debates on the Floor of the House. He knows that we have five defence debates every year and that Afghanistan features significantly in those. We have Defence questions next Monday and we will have debates here in Westminster Hall. In addition, the Opposition have their own opportunities to raise these issues.

Reconciliation has been mentioned by the hon. Member for Newark and other hon. Members. Our policy has always been that we are not against reconciliation. It is part of our strategy in Afghanistan, but one can reconcile only with the reconcilable. One cannot reconcile with the top end of al-Qaeda who have shown no propensity to talk to anyone, and one cannot reconcile with the hard-line end of the Taliban leadership who are totally and absolutely at one with al-Qaeda. We will reconcile where it is possible as part of our strategy.

4 pm

Sitting suspended for a Division in the House.

Cancer Services (Kendal)

4.18 pm

Tim Farron (Westmorland and Lonsdale) (LD): It is a pleasure to serve under your chairmanship, Mr. Taylor. I am grateful for the opportunity to make the case for a new cancer treatment unit at Westmorland general hospital. Over the past few months, I have been in discussion with the University Hospitals of Morecambe Bay NHS Trust and Cumbria primary care trust about the need for a cancer unit in south Cumbria. I am delighted that the trusts are now pushing forward with that bid and that only last week the local cancer network agreed to go ahead with the feasibility study, with a strong steer that the unit should become a reality as soon as possible. My hope in this debate is that the Minister will give us some commitments as we seek to establish the cancer treatment unit in Kendal, and encourage us in our campaign and our bid.

The need for the new unit is clear: residents of south Cumbria face some of the longest travelling times in the country when they go to receive vital cancer treatment. The Minister will know that NHS Cumbria has provided figures showing that from some locations in south Cumbria, cancer patients have to make a three-hour round trip to receive treatment. In my constituency, cancer patients living in the main town of Kendal must travel 41 miles, taking almost 50 minutes, to receive treatment. That is just a one-way journey. For residents in Grange-over-Sands and Windermere, the one-way trip to Preston takes an hour. For the vast number of my constituents—for example, those in Coniston, Grasmere, Sedbergh, Chapel Stile, Elterwater, Ambleside and Cartmel—the journey to Preston takes in excess of an hour, and in some cases an hour and a half. Patients from other towns and villages in south Cumbria outside my constituency also suffer as a result of the ludicrously excessive travelling times.

The Minister will know that Cancer Reform Strategy supports the findings of the National Radiotherapy Advisory Group, which concluded that radiotherapy units should be planned so that no patient has to travel for more than 45 minutes by car to receive treatment. The appalling reality is that not one cancer patient in my constituency can reliably access radiotherapy treatment within that time. Cancer patients in Westmorland and Lonsdale have, on average, to make a round trip of more than 100 miles every time they have to go for treatment. For some cancers, patients need to make daily trips. Those living with and fighting to overcome cancer should not have to face unnecessarily arduous, stressful and painful journeys to receive essential care.

Many people have spoken to me of their difficulty in coping with the journeys involved. They tell me that they feel worn down, and ready to give up treatment that could save or extend their lives. In talking to Cancer Care, a local charity in south Cumbria and north Lancashire that takes care of and provides counselling and support for cancer sufferers, it is also clear that a cancer unit in Kendal would make a huge difference to the lives of children and young people who have cancer, or whose siblings, parents or other carers have cancer.

The trauma is bad enough without the additional logistical difficulties of having to arrange time out of school and the other child care problems that treatment at a distant centre can throw up. For those who have to spend half a day travelling, the opportunity to take advantage of vital counselling, through charities such as Cancer Care, is massively squeezed.

On a personal level, my wife and I lost our mothers to cancer during the last four years. In both cases, we saw the outstanding way in which NHS staff, at all levels, showed commitment and compassion, along with tremendous professional skill and expertise. We also witnessed the reality, which is that cancer treatment is extremely gruelling, and the fact that tackling the disease can often wear down and debilitate the patient. Indeed, many patients decide to discontinue treatment because they are so badly affected.

When patients, families and clinicians are considering initial treatment, or its continuation, one of their concerns is the reality of travel times. Putting it bluntly, the requirement on people who are extremely poorly to make a difficult regular round trip of up to three hours leads many to decide against treatment that could extend their lives.

[John Bercow *in the Chair*]

I am sure that you will agree, Mr. Bercow—I welcome you to the Chair—that it is scandalous that people should effectively be forced to give up life-saving treatment simply because it is too painful for them to get to the units where the treatment is delivered.

I have bags of evidence from my constituents that backs up the reality, but I shall concentrate on a few statistics. The NHS recommends that around 52 per cent. of patients with cancer should receive radiotherapy, but for patients in south Cumbria the figure is only 30 per cent., 10 per cent. lower than for our neighbours in the north of Cumbria. Cancer admissions for south Cumbria are 10.6 per 1,000, compared with 11 per 1,000 for Cumbria as a whole and 11.9 per 1,000 for England. Our cancer admissions are among the lowest in the country, and the number of patients receiving radiotherapy is also one of the lowest in the country.

Furthermore, the average cost in south lakeland of GP prescriptions for malignant disease and immunosuppression is, at £900, the highest in our area. For our neighbours in north Cumbria and Carlisle, the figure is £400 and in the Eden district, the figure is £325. It is not rocket science to infer that the huge difference in those figures is due to the fact that those patients in south Cumbria who are much further from radiotherapy centres are opting for drug treatments closer to home rather than having more effective radiotherapy many miles away.

There can be no doubt that the staggering distances between patients in my constituency and the nearest radiotherapy treatment centre are having a tragic impact on survival rates. That is why NHS Cumbria has stated that the siting of a new cancer unit at Westmorland general hospital would significantly benefit patients from south lakeland and Barrow, as it would hugely reduce travelling times.

I encourage the Minister to support the bid being made by NHS Cumbria, the North Lancashire primary care trust, the University Hospitals of Morecambe Bay NHS Trust, the Lancashire and South Cumbria Cancer Network and me for a new cancer treatment unit to be established in Kendal. The need for such a unit is clear, and we believe that Kendal is undoubtedly the right place to locate it.

Westmorland general hospital is easily accessible. It is on the edge of town and about eight minutes drive from the motorway. There is plenty of space around it for expansion, it has good car parking provision and it is set in tranquil surroundings. That is important, because the feel and atmosphere of a cancer unit is of the utmost importance when people are attending for treatment under extreme emotional pressure. It is the most central location for a population who would be drawn from Barrow in the west to the villages of the Yorkshire dales in the east, and from the Eden valley in the north to the Lancashire border to the south.

The Minister will recall that I have raised concerns about the future of Westmorland general hospital on numerous occasions, and I am grateful for her continued attention and for her interventions over the past year or so since she took up her post.

Westmorland general hospital is the only hospital in south lakeland. In other words it is the only hospital serving an area that is larger than Greater London. It has recently lost many of its emergency medical services, although a strong local campaign succeeded in winning back a cardiac assessment unit and two GP-managed medical wards, for which we are grateful. Our fight to bring back other medical emergency services, especially for heart patients, continues. Nevertheless, the Minister will doubtless understand our real fears about the future of our hospital.

The primary benefit of a cancer unit in our hospital in Kendal would be for cancer patients and their families, but there would be a further benefit of vast importance: locating a new cancer centre at the hospital would demonstrate a commitment to retaining and strengthening Westmorland general. Indeed, it would reinvigorate our hospital. I speculate that the Minister would find herself a Westmorland heroine if she made that happen on her watch. What is more, I will personally make arrangements for the statue! That is a promise.

Over the next few weeks, I shall be meeting Professor Mike Richards, the national clinical director for cancer, and Mike Farrar, the chief executive of the strategic health authority for the north-west of England. My aim is to win their support for the bid and to get the wheels in motion, so that we can see the unit built and operating within two years.

The Cancer Reform Strategy requires strategic health authorities to take an overview of radiotherapy planning. It also requires that the cancer action team should keep a national overview of locations for treatment. Given that the Cancer Reform Strategy is clear in saying that no one should have to undergo a journey of more than 45 minutes to receive treatment, and that no one in south lakeland can access treatment within 45 minutes, I hope that the Minister will put her full weight behind our bid to win support for the proposed cancer treatment unit at Kendal. I encourage the strategic health authority and the cancer action team to do the same.

For the record, let me explain exactly what we are asking for. We want a unit that will deliver radiotherapy and chemotherapy. The unit would need a CT simulator, laboratory facilities and on-site oncology support. In my view, the presence of on-site clinical oncology in Kendal would underpin the new unit, ensuring that long arduous journeys for patients for the purpose of treatment planning as well as for the treatment itself were rendered unnecessary. We must ensure that chemotherapy treatment is available at the new unit, along with radiotherapy. If we are to put an end to unacceptable journey times, we need to do so for as many treatments as possible.

There is some discussion about whether the trusts should bid for one linear accelerator or two. The population comfortably create demand for at least one accelerator, but along with local clinicians I can make a strong case for two. Senior oncologists have told me that it is essential to have two accelerators to allow for down time and to ensure that there is no interruption in service, which is vital.

Such a unit will clearly involve a significant capital investment in new buildings and equipment, and the local NHS trusts estimate a total bill of about £15 million. It is estimated that the running costs would be about £1 million. We must also ensure ongoing capital support to sustain the Kendal cancer unit. Once built, it is essential that the unit keeps up with advances in technology, and that the machinery is properly maintained over time. With developments in technology such as image-guided radiotherapy and intensively modulated radiotherapy now available, we would want to be sure that our new unit was able to keep pace with, and to provide equivalent quality treatment to, other centres.

Our previous radiotherapy units have been funded through national capital, and I would be interested to know how the Minister thinks the Kendal cancer unit could and should be funded. I also ask for her support in allowing us to fast-track the procurement process for the unit, essentially to allow the NHS to run the service and to get on with the job, given that it is extremely unlikely, as with all units of this type, that a private provider would come forward. Of course, the new unit would also need staff, so I ask the Minister to work to front-load the recruitment process, given the need that we would have for nuclear physicists, radiographers and clinical oncologists.

Now that the Government are, rightly, bringing forward public works as they seek to employ the wisdom of the great Liberal, John Maynard Keynes, to counter the economic downturn, may I encourage the Minister to do all in her power to bring the construction of the unit into being as soon as possible? With her support, I believe that it could be up and running by 2010, a time scale that the University Hospitals of Morecambe Bay NHS Trust, the primary care trusts and the local cancer network believe to be entirely feasible.

On Saturday, I stood in the rain in Kendal town centre—it was slightly better than being involved in the marathon near Keswick—with a petition calling for the establishment of the unit. Despite abysmal weather, I was overwhelmed by the support of local people. Many of them shared personal testimonies with me, of relatives who gave up on treatment because of the journey times involved, and of how those relatives' last weeks were rendered all the more painful and dismal by soul-destroying, painful round trips of 100 miles or more. I also heard tales of the wonderful treatment that is provided at existing centres such as Preston, where my own mum was cared for. There was a strong desire for care to be provided as close to home as possible.

It is a great honour to speak on behalf of local health professionals, trust managers, patients and their families, and the whole community of south lakeland, and to make what I hope the Minister agrees is a considered

[Tim Farron]

and realistic bid for her support for a new cancer unit at Westmorland general hospital. The unit will save and extend lives. It will provide accessibility of care for patients throughout south Cumbria and new cause for hope and confidence in the future of our much-loved hospital in Kendal.

4.32 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): May I say what an absolute pleasure it is to serve under your chairmanship, Mr. Bercow? I congratulate the hon. Member for Westmorland and Lonsdale (Tim Farron) on securing this debate. He has shown an acute interest in the welfare of his local health services and I commend the dedication with which he serves the needs of his constituents. I share his gratitude for the care that his family members received from the health service—it is a tribute to all health service staff and to the care and commitment that they show.

I am pleased to hear that the local health community across Cumbria and north Lancashire is working on proposals to develop a new cancer unit in the region. Importantly, however, I also acknowledge that the plans are at a very early stage—the hon. Gentleman will be interested in how I develop the discussion on that. I understand that the relevant organisations are putting together a feasibility study to identify the service specification and to consider a number of care models. Once that is done, clarity will be gained on the specifics of the scheme, which will allow detailed and well considered plans to be put in place.

It is right and proper that that initial scoping process and subsequent decision making be undertaken in a thorough and impartial manner, so that the local health community can ensure the most effective use of money, and so that it can be assured that it decides on the model of care that is best suited to the needs of the local population. Furthermore, I understand that the project structure has yet to be agreed and that a stakeholder group is in the process of being convened.

A number of work streams have been identified, including the much-needed clinical pathways work force, business and financial planning, and estates and facilities. Those will inform the commissioners' service specification. However, I understand that preliminary plans by the Lancashire and South Cumbria Cancer Network suggest that the first satellite unit in the area should be commissioned between 2010 and 2012. I am advised that Cumbria PCT has identified cancer as one of the main priorities in its commissioning strategy, particularly because of the gap in life expectancy between those from the most affluent and the most deprived parts of the county. Its strategy includes initiatives to increase investment in cancer services, coupled with a radical reform of service delivery. That includes increasing the number of oncologists and radiotherapy treatments. The plan is that those services will be provided increasingly within the Cumbria area, in line with the "closer to home" strategy.

The hon. Gentleman has tabled an early-day motion on the proposed cancer unit for Kendal, and he is keen to see a clear way forward for funding. As I hope I have made clear, the plans are at too early a stage reasonably to give assurances on that. The next steps are for the local NHS to produce a strategic outline case, which must be agreed by all affected NHS organisations, and then an outline business case, which, in addition to being supported by local parties, must be approved by North West SHA, given the size of the scheme. There are no shortcuts around that, but there is no reason why work cannot start immediately.

The purpose of the strategic outline case is to demonstrate that there is at least one feasible option for delivering the proposed scheme. The outline business case is required to explore several options, including "do nothing or do minimum", and to choose a preferred option. It must show that a site capable of securing planning permission is available for the preferred option and, if it is not already owned by the NHS, that the owners are prepared to sell to it. It must also show that the proposed development is technically feasible on the chosen site, by means of an outline design; that it is affordable, given reasonable assumptions of activity funded under tariff; and that local NHS organisations support the preferred option.

I understand that the proposals by the Lancashire and South Cumbria Cancer Network, as they stand, aim to meet recommendations made by the National Radiotherapy Advisory Group on travelling time for patients—the hon. Gentleman made a strong point on that—and access to services. In a visit to Preston last August, I was made aware that cancer patients in south Cumbria have to endure very long travelling times to access radiotherapy treatment. Within the very large geographical scope of University Hospitals of Morecambe Bay NHS Trust, there is no radiotherapy provision. Patients must travel to Preston, which is more than 60 miles away. Oncologists and the very knowledgeable specialist nurses who are involved in this area of care made points about that to me on my visit. The advisory group has recognised that a maximum of 45 minutes' travel time for radiotherapy patients is good practice. It acknowledged that that might not be achievable in some areas of the country, and I am pleased to report that a survey of driving times revealed that 87 per cent. of the population already live within 45 minutes of a radiotherapy centre, and that Cumbria PCT is taking steps to achieve that aim for the local population.

On 3 December 2007, the Government launched the cancer reform strategy, which sets out plans further to improve and develop cancer services throughout England over the next five years. It includes measures to improve cancer prevention, speed up the diagnosis and treatment of cancer, reduce inequalities, improve the experience of people who live with or who are beyond cancer, and ensure that care is delivered in the most appropriate settings and that patients can access effective new treatments quickly.

The December strategy sets out the fact that to achieve world-class radiotherapy services nationally, local investment is needed, both in equipment and work force. In addition, in line with the recommendations of the advisory group's report, the strategy recommends that local PCTs, with their cancer networks, review their local radiotherapy services to ensure that recommended levels of treatment activity are achieved. Cumbria PCT and the local cancer network are proactively addressing those issues, and should be commended for that.

To support local clinical teams and commissioners as they review and develop radiotherapy services, the National Radiotherapy Advisory Group Implementation Group has been set up. The group is chaired by members of the Royal College of Radiology, and has representation from all appropriate royal colleges, other professional bodies, radiotherapy service managers and cancer networks. However, the location of new radiotherapy equipment or centres will remain a matter for local determination.

Those plans and recommendations are in place to capitalise on the progress made in NHS cancer services over the past decade.

Tim Farron: I am encouraged to hear the Minister say that the location of centres such as the one that I have been talking about will be chosen locally. However, will she specify whether she is talking about the local primary care trusts in north Lancashire and Cumbria or the strategic health authority?

Ann Keen: I am talking about both. We should always communicate with the strategic health authority and local PCTs when we are making changes of the nature that we envisage.

I am pleased to advise that nationally, cancer mortality among people under the age of 75 fell by over 18 per cent. between 1996 and 2006, which amounts to 9,000 saved lives. Whenever I am asked to hold meetings on long-term conditions, I am pleased to say that many of them are on cancer. Cancer is no longer considered to be an acute, lethal diagnosis; it is a long-term condition. Many more patients are living longer and now require totally different services, such as those offered by specialist cancer nurses.

Such a change is down to significant improvements in NHS cancer services. The improvements include extending breast screening to women aged up to 70, and significantly reducing waiting times for patients. The latest figures show that 99.9 per cent. of patients with suspected cancer were seen by a specialist within two weeks of a referral from their GP. There are now more cancer specialists. An extra 1,655 consultants have been employed in the NHS since 1997. We are going even further on cancer waits by extending the existing cancer waiting times targets to more patients. That will include extending the 31-day standard to cover all cancer treatments, not just the first, which will enable hospital specialists to place patients, where appropriate, on the 62-day treatment pathway.

I know that the hon. Gentleman will continue to champion and support health services within his constituency, and I encourage him to engage with local organisations through the planning stages of the cancer centre in Kendal. I feel that he needs little encouragement because leadership is already being demonstrated. The past 10 years has seen real progress in cancer services nationally, and I hope that his proposals will make a real and tangible difference to the people of Kendal.

The hon. Gentleman set me quite a challenge when he asked me to approve and fund the work force and have everything built by 2010. If I achieve that all by myself, a statue is more than required. I would not feel in the slightest bit embarrassed if a statue were erected. However, I feel that the challenge may be a little beyond my bounds. I end by saying to the hon. Gentleman, "Trust me, I am a nurse."

Social Enterprise

4.44 pm

Margaret Moran (Luton, South) (Lab): I am pleased to be having this debate under your capable chairmanship, Mr. Bercow.

I welcome the new Minister to his post and to what I guess is his first debate on social enterprise. Knowing him and knowing how well briefed he will be, I will not need to define terms for him. The key and distinguishing factor of social enterprises is that they are profit-making businesses that are established to tackle social or environmental need. As he will discover, if he has not already, the social enterprise movement is extremely active and diverse, and encompasses organisations such as development trusts, community enterprises, co-operatives, housing associations, social funds and leisure trusts.

Such businesses operate across an incredibly wide range of industries and sectors including health and social care, renewable energy, recycling and fair trade. They are also of all scales, from small operations to large international companies. They range from the small community social enterprise to the Divine chocolates of this world.

4.45 pm

Sitting suspended for a Division in the House.

5.5 pm

On resuming—

Margaret Moran: I paused for the Division on the happy thought of Divine chocolate, which has seen me nicely through the Lobby, although some of the real stuff would have been better.

I should declare an interest because, in the real world, before coming to this place, I was the chief executive of a housing association that had the twin aims of addressing housing need and tackling unemployment. I now chair the all-party group on social enterprises, and a black and minority ethnic-led social enterprise, eQuality Networks, which does a superb job, particularly in regeneration, community engagement and digital inclusion. That is my plug for today, although today's debate is a big plug for all social enterprise.

Some would say that it is strange, at this time of global economic downturn, to be discussing how the Government might increase their support to social enterprises, but they are coming forward with some good measures to support small and medium-sized enterprises generally. My first plea, therefore, is to ask them to remember that many social enterprises are SMEs with a social purpose, and not to ignore them in any reference to assisting SMEs. Why is social enterprise scarcely mentioned in "'Solutions for Business'—funded by government", the national package of publicly funded business support products announced on 23 October? In the package, social enterprise is mentioned only twice—once as a case study and once under the section describing who is eligible for one product.

I am not here with a begging bowl for social enterprises. I want to raise with Government the undoubted fact that, at times when businesses face problems with liquidity and there is a prospect of them laying off staff, this

[Margaret Moran]

sector is most likely to be fighting to retain staff. Social enterprises provide the jobs, skills, and services that are needed to hold the economy and communities together in times of crisis. They are also effective agents of social and economic resilience. Consequently, now is when we need our social enterprises the most, and supporting them will require a fraction of the resources being used to recapitalise major financial institutions.

There are several ways in which we can support social enterprises. First, the Government must recognise that SMEs are a priority when it comes to protecting the real economy and protecting hard-working people and communities from the effects of the downturn. Social enterprises, most of which are SMEs, have support needs that are distinct from those of mainstream businesses. Secondly, the role of social enterprises in maintaining services and jobs, especially in the communities that are most at risk, is even more important in the current economic climate. Some 85 per cent. of social enterprises recently surveyed by the Social Enterprise Coalition expected that the needs they serve, either social or environmental, will increase in the coming period.

Thirdly, social enterprises have already developed skills, expertise and the trust of their communities, which should be utilised. Social capital is even more valuable when other capital is in short supply. Fourthly, social enterprise lenders are better than high street lenders at providing liquidity where it is most needed. In particular, CDFIs—community development finance institutions—and credit unions are among the few who have increased their lending to those who need finance most.

Fifthly, social enterprises reinvest their profits in the business and for the benefit of the community. They have a strong local multiplier effect, stimulating local economic activity rather than capital flight.

Sixthly, I believe that more attention should be given to supporting social enterprises that provide embedded employment solutions as the job market shrinks. That may include redefining what counts as "results in payment by results contracts" for employment services.

Seventhly, employees taking ownership and converting failing private businesses into social enterprises is an opportunity to keep jobs, skills and productivity. Therefore, there is a need to join up some of the agendas of the Department for Business, Enterprise and Regulatory Reform, or BERR, and the Department for Work and Pensions, or DWP—I give up on the acronyms—to support that activity.

Finally, the Government really must get their act together and consider the leverage that they have through contracts, procurement and tendering, so that we can rapidly take advantage of the economic opportunities and provide a level playing field for social enterprise.

I want to develop a few of those themes to see how the Government can take advantage of the new opportunities that I believe social enterprises bring in troubled economic times, in the process recognising their unique ability to stimulate local economies, particularly in the most deprived areas. As I said, we first need to take practical steps to ensure that the help that is in place for SMEs also clearly applies appropriately to social enterprises and that we monitor that such help is taking place effectively.

In a recent survey, late public service payments were cited as a problem for 37 per cent. of social enterprises, more than any other issue. So I believe that the Government need to provide details on the progress of their plans to extend the payment target to social enterprises and explain how social enterprises can hold to account those who do not meet that target.

As I have mentioned before, the Government have also committed to supporting SMEs in these difficult times by providing free business health checks through Business Link, a service that I must say many social enterprises have had some mixed experiences with. I would like the Government to assure us that health checks will also include specialist advice that is appropriate for businesses with primarily social or environmental objectives and that that advice and those support services will be made accessible and promoted to social enterprises.

The good news for the Minister is that, as I have mentioned, there is liquidity in the sector, which is vitally needed at this time. Social enterprise lenders such as credit unions and CDFIs are increasing their lending. They provide liquidity where it is most needed, often in areas where conventional finance markets have failed. They often support those who are most excluded from financial services and support those social enterprises that support the communities in greatest need. The Government need to recognise that while they continue to negotiate with high street lenders. Could the Government provide even more effective liquidity where it is most needed by channelling capital through social enterprise lenders such as CDFIs and credit unions? I therefore ask the Government to negotiate to encourage high street lenders to work with CDFIs and credit unions as trusted intermediaries to improve liquidity where it is needed most.

The Government need to ensure that banks' commitments to the financial inclusion action plan 2007 are delivered soon. Those commitments included support for institutions such as credit unions, which provide services to the most excluded. The Government are already working with four high street lenders to access European Investment Bank funding. Will the Government support building a pool of social lenders, such as CDFIs and credit unions, to make a second-tier approach to the EIB?

The Government also need to speed up the review of credit unions that is going through the Treasury to ease access to their services. Will the Government consider amending that review to include incorporated associations and corporate bodies, such as full credit union members, so that small and community organisations can access services?

Another major area that the Government can address is that of larger-scale investment. Many social enterprises suffer from the fact that, beyond start-up, borrowing is a problem as major banks really do not "get" them, despite their excellent business plans.

We urgently need to set up the social investment bank, using the estimated the £2 billion worth of unclaimed assets, of which banks are being asked to stump up a mere £400 million. At this moment, the Government have unprecedented leverage with major banks, but they must not allow the cries from banks about their own travails, which were largely self-made, to overshadow or delay social enterprise access to capital at the moment that it is most needed and in the areas where it is most

needed. Right now, we need to grow social enterprise, maximise the triple bottom line effect and promote effectively our wish to see a diversity of public service delivery that is most appropriate.

Mr. Nick Hurd (Ruislip-Northwood) (Con): I congratulate the hon. Lady on securing an important debate at a very important time. She talked about the need for a social investment bank, and I also welcome the initiative to encourage banks to look at dormant bank accounts and transfer capital from them to the voluntary sector and social enterprises. However, does she share my understanding that that is going to be a voluntary initiative on the part of the banks and, if that is the case, does she also share my view that there should be regular reviews in this place of the effectiveness of those proceedings and the voluntary arrangement?

Margaret Moran: I certainly agree with that. However, my argument is rather stronger, in the sense that I think that the Government should be using their leverage in the current economic climate to ensure that the arrangement is more than voluntary and they should not allow themselves to be swayed by arguments to the contrary.

The advantage of providing capital funding through a social investment bank is that most of the capital and most of the investment will come in the form of loans, so that we would be effectively recycling money to get maximum value. In a very sustainable way, therefore, such a bank will be able to grow the social enterprise sector and create new businesses in a continuous loop.

I also believe that the Government need to use their leverage, particularly as they bring forward large-scale investment, as an opportunity to conduct smarter tendering and procurement, ensuring that social enterprises genuinely have a level playing field in tendering for contracts. Furthermore, I believe that the Government also have the opportunity to work with private enterprise, through corporate social responsibility schemes or whatever people like to call them, to demonstrate community gain via social enterprises as part of any public sector contract that has been tendered and won. For me, that would be the Government using smart leverage at a time when we are proud to say that the Government will step in to help when times get tough, so that we can demonstrate to ordinary folk in areas that need our help most that we are not just bailing out the big boys at the expense of the rest.

Another area that needs to be addressed is employment. Social enterprises delivering employment services have contracts where payments are made according to results, which are defined as getting people into full-time paid employment. That model assumes a number of vacancies in the labour market that, frankly, is unlikely to be sustained in the current economic situation. The Government recognise the value of different activities, from volunteering right the way through to paid employment, and they recognise that volunteering both develops skills for jobseekers and benefits the community. However, volunteering is specifically not seen as an alternative to full-time paid employment. Social enterprises can effectively tackle unemployment, but they can also reinvest any surplus within the communities that they work in, which is the local multiplier effect that I referred to earlier. They can also create jobs for those people who are furthest from the labour market. Employee ownership can keep local business functioning and maintain levels of employment, but a narrow policy of addressing employment by delivering placements will not deliver the necessary job creation during this economic downturn. We therefore need the Government to review the employment service contracts definitions of "results" to include constructively engaged employment that benefits the community, such as volunteering.

Will the Government develop a wider employment policy that recognises and includes job creation, investment in communities and employee ownership? Will the Government ensure that that includes all relevant Departments—the Department for Business, Enterprise and Regulatory Reform, the Department for Work and Pensions, the Department for Communities and Local Government and Her Majesty's Treasury? And why should we not use our employment budgets more imaginatively, for example, by giving folk the equivalent of six or so months' benefit up front to set up social enterprises with support? It could be the fastest and smartest way to get people back into work and to create new jobs, and it has been done elsewhere: some aspects of the co-operative movement in Spain are an imaginative way of creating and maintaining jobs in difficult economic circumstances.

The Department for Work and Pensions has taken a more innovative approach to bidding for employment contracts, and the recent announcement of the introduction of the right to bid looks at ways in which we can develop more innovation in job creation, rather than what I would call the usual bums-on-seats approach of most employment schemes. As chair of EURIM, we are working with DWP civil servants to do a "Dragon's Den" to ensure that social enterprises bring forward the best ideas to enable us to innovate in the way that we look at employment contracts and job creation. Working with Futurebuilders will also help us to spot good investment opportunities. The Government could be more imaginative and inventive across the board and encourage enterprise in such ways—particularly enterprise that brings multiple benefits to those communities that the Government have done most to support.

My final plea is to ensure that we look at what regional development agencies are doing in times of constrained budgets. In some areas, the support for social enterprise is, frankly, patchy, and we need a map of the gaps to show where social enterprise is not in good health or not being well developed. The resources to support social enterprise networks are distinctly patchy, and the Minister would be well advised to ask the regional Ministers to ensure that they give greater priority to the support of social enterprises. If we are serious about the agenda, particularly at the moment, we must recognise that social enterprise is identified as a significant business model that plays a major role in the UK economy. It is estimated that social enterprises contribute 1 per cent. to UK gross domestic product, which is not large, but it could be much greater. If we are really committed to the social enterprise agenda and to recognising the contribution to our communities and to employment, let us have a target whereby social enterprises contribute up to 5 per cent. of GDP. It is, I think, a modest aspiration.

I hope that this debate gives the Minister some food for thought and demonstrates some areas where Government action could support social enterprises—

[Margaret Moran]

supporting them to support local economies, local employment and local job solutions at a time when, I believe, we need social enterprise most.

Mr. Hurd *rose—*

John Bercow (in the Chair): Order. I am sure that the hon. Member for Ruislip-Northwood (Mr. Hurd), in order to make his speech, has secured the agreement of both the Minister and the hon. Member for Luton, South (Margaret Moran).

Margaret Moran: I understood that only interventions were going to be made.

John Bercow (in the Chair): We are in slightly uncharted territory. Can I simply advise the hon. Lady, because it was not possible for her to be aware of this while she was speaking, that the Minister is content for the hon. Gentleman to make a short speech? I simply ask her whether she is similarly content for him to make a short speech.

Margaret Moran: Fine; if the Minister is content.

John Bercow (in the Chair): I am extremely grateful to the hon. Lady, and, on that basis, the hon. Gentleman has the floor.

5.24 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): Thank you, Mr. Bercow, for clarifying that. I do apologise to the hon. Member for Luton, South (Margaret Moran), for no discourtesy was intended; it was just ignorance of procedure. I certainly do not want to eat into the Minister's time; I just wanted to congratulate the hon. Lady on her speech, support her pressure on the Government and place on the record the Conservative party's strong support for social enterprise and the voluntary sector generally. There is a strong cross-party consensus about the need at the moment to strengthen and support them—the hugely valuable people who are helping us to cure and to tackle some of the most stubborn social problems in the country, while generating wealth that stays in the community. It is an enormously important section of society that we want to encourage, and in our green paper we have set out some ideas on exactly how to do so.

I wanted to support the hon. Lady in pressing the Minister on two matters. First, like most small businesses, the current primary concern of social enterprises is cash flow and liquidity, so will the Minister be explicit in responding to the hon. Lady and place on the record what the Government are doing in their conversations with the high street banks to encourage them to work with organisations such as the community development finance institutions and credit unions to extend liquidity to that sector?

Secondly, the hon. Lady was right to say that for social enterprises helping the Government get people back into work, payment by results, whereby "results" are defined as full-time employment opportunities, is now an extraordinarily difficult regime in which to work. Are the Government rethinking that definition to provide some scope for social enterprises to help people into situations where they may do some public good and benefit the community through voluntary opportunities, or is their mind still closed on the definition of results?

5.26 pm

The Parliamentary Secretary, Cabinet Office (Kevin Brennan): It is, as ever, a great pleasure to see you in the Chair, Mr. Bercow. I congratulate my hon. Friend the Member for Luton, South (Margaret Moran) on securing the debate, her commitment to the cause and her contribution to today's debate. I thought it appropriate to allow the hon. Member for Ruislip-Northwood (Mr. Hurd) to speak; we have not had a chance to cross swords or to joust properly in the House since he took his place on the Opposition Front Bench, and I congratulate him on his appointment. I shall make a few remarks at the outset, then try to deal with some of the points that my hon. Friend made. She made many points, and my time is limited, but I shall try to make some broader remarks, too.

Social enterprise is certainly not a new subject for me, and neither it is for the Government nor for the party that makes up the Government. When I left university, I began my career as a volunteer in a social enterprise. We did not call it that in those days; I think we called it a community business. Eventually, I gained paid employment with that community business, organising volunteers as part of a social enterprise that produced a community newspaper and ran a small publishing company, some projects for unemployed people and a small community printing business.

In the short time that I have been in this post, I have had the opportunity to meet several inspiring social entrepreneurs, which has taken me back to those early days. They have included Dai Powell at HCT, the Hackney community transport group, which, despite its name, is now a significant player in the bus industry, and Sam Conniff, at Livity in Brixton, where I had the opportunity to see his passion and energy for bringing young people into training and work experience, giving them the chance to produce their own magazine. So, I welcome the opportunity both to recognise the important contribution that social enterprises make to our society and economy, and to talk about why the Government value social enterprise and how we have supported and will continue to support it. First, however, I shall refer to some of the specific points that my hon. Friend made.

My hon. Friend asked about improving liquidity by using negotiations with high street lenders to encourage them to work with community development finance institutions and credit unions. We have already secured a commitment from the banks participating in the recapitalisation scheme to maintain the availability of lending and marketing at 2007 levels, and Government support for the banking system is tied to conditions. We have made it absolutely clear that there will need to be a strong focus on making available lending for small businesses, including social enterprises. Additionally, we have created a small business finance forum, again including social enterprises, to ensure that business and lenders meet regularly. We want to build on sustainable working between mainstream lenders and CDFIs.

My hon. Friend also asked about the Government's ensuring that the banks' commitments in the financial inclusion action plan of 2007—to support institutions that provide services to the most excluded, such as credit unions—are delivered soon. I can tell her that banks have committed to support third sector affordable credit, including through action to develop new provision in the 25 high-priority areas identified by the financial inclusion taskforce.

My hon. Friend asked me about building a pool of social lenders, and Government support for that in relation to CDFIs and credit unions. The Government are working with the European Investment Bank to see how it can help other smaller lending institutions to access its funds. I am sure that I can provide her with more detail if she would like, in respect of her role as chair of the relevant all-party group. She also asked me about speeding up the review of credit unions that is going through the Treasury. We are making good progress with our proposals for legislative reform regarding credit unions, and the Treasury is collating and analysing the responses to the consultation. I am pleased to tell her that we hope it will be able to publish a summary, along with the implementing orders, next month, so I hope she will agree that there has been good progress.

My hon. Friend asked about payments from the Government. The Department that I shall call "BERR", given that she did, is taking the lead on prompt payment across Government, including measures to address transparency and consistency of payment processes, as well as the issue of speed. We have been delighted by the response from business—again, including social enterprises—to our commitment on prompt payment. Others have followed suit, including the Scottish Executive and regional development agencies.

I was also asked about ensuring that health checks will include specialist advice appropriate for social enterprises. I can confirm to my hon. Friend that they are available to all businesses, regardless of their size, including social enterprises. Health checks will be promoted to all business by local Business Link providers, and I will certainly ensure that that includes social enterprises. She also asked about the references to social enterprises in the "Solutions for Business—funded by Government" package. I can confirm that all the business support products outlined in "Solutions for Business" are available to social enterprises, and I put that clearly on the record for her. In addition, the Office of the Third Sector and BERR are working together to improve advisers' understanding of the needs of social enterprise, and we are investing £6 million over the next four years to support that.

My hon. Friend referred to the Social Investment Bank and the funding from the unclaimed assets Bill. The Commission on Unclaimed Assets recommended that a minimum of £250 million should be made available for social investment out of the unclaimed assets. We must ensure that there is no infringement of state aid in doing that, but once the Bill has passed, funds will be agreed. The role will be to act as a wholesaler to try to capitalise the entire third sector, including social enterprises.

Finally, my hon. Friend asked about regional development agencies. Some £6 million has been provided to RDAs for Business Link, specifically for social enterprise support, and £6 million has been provided to capacity builders, which is also available to social enterprises. The Office of the Third Sector is visiting all regional development agencies to assess the impact of funding, which is strong in some areas, such as the north-east.

In the remaining time I would like to make a few more general remarks, perhaps leaving out some of the detail that I was going to refer to. We are facing tough times, economically and environmentally. I recognise that and I think that everybody in the country is aware of it. However, I believe that in the new age of responsibility that we are entering, people are looking for the assurance that businesses will act ethically, act in a sustainable fashion and be reliable and trustworthy. That makes social enterprise more relevant than ever. Social enterprises, like any other businesses, will face huge challenges in the current economic climate, but equally, there are real opportunities for them, as my hon. Friend indicated. People are increasingly looking to buy from and invest in businesses that have strong social and environmental values, and social enterprises are well placed to meet that demand. Those with strong business models —they are enterprises, after all— will be well placed to survive the current economic situation and may even be able to step in, as my hon. Friend said, if the private sector is unable to do so.

So why do the Government value social enterprise, particularly now? Why is it important? At its best, social enterprise can transform communities and improve people's lives for the better. I have seen that in a practical way in my own city of Cardiff. The Pack-IT social enterprise, which has been in business for 20 years or more, does a wonderful job creating employment for the most disadvantaged. Last week, I gave out awards at Fyndoune community college, which was the winner of the socially enterprising schools award. I was proud to present it with that award. I was also able to present awards to the Wise Group, which, particularly in Glasgow, has for more than 25 years provided meaningful employment to people who would otherwise be excluded.

When I visited Hackney community transport, I met people such as Nadia, who has been trained as a bus driver, and all the other wonderful women who have been trained as bus drivers by that organisation. It is an inspiring example of social enterprise in action. I was delighted to be interviewed at Livity in Brixton by Bianca, who has been through the training programme there and is now working as a journalist. That is a result of the work being done by that wonderful social enterprise in Brixton.

Social enterprises can set high standards in ethical markets, and they can raise corporate social responsibility. In some ways, corporate social responsibility is the new bottom line in this age of responsibility. That is the special flavour that social enterprise brings to the debate.

I do not have time to go through all the Government's initiatives, as I have tried to answer my hon. Friend's questions.

Mr. Hurd: Will the Minister give way?

Kevin Brennan: I really do not have time, I am afraid. I do not mean to be discourteous to the hon. Gentleman, but time is very limited.

There has been a step change in the past 10 years in the way that social enterprises are valued and understood.

[Kevin Brennan]

This Government have led that change and will continue to do so because we have supported social enterprise for more than 100 years through our relationship with the co-operative movement. We need a robust evidence base of the impact of social enterprises, so we are starting work on a project to measure social value, and last week I was able to launch a third sector research centre at Birmingham university. It will have a distinct work stream on social enterprise.

Whenever I visit social enterprises, they reinforce my belief, which is shared powerfully by the Prime Minister and the rest of the Government, that social enterprise can really help to make this a fairer country. For this Government, social enterprise is not a one-night stand but a long-term commitment. We will continue to promote and nurture social enterprise because the values that drive social entrepreneurs are our core values. Like them, we believe that economic prosperity and social justice are two sides of the same coin. Those values are more relevant than ever at this time of economic upheaval.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes to Six o'clock.

Westminster Hall

Thursday 30 October 2008

[MR. MARTYN JONES *in the Chair*]

Ministers and Civil Servants

[Relevant documents: Third Report from the Public Administration Committee, Session 2006-07, HC 122, on Politics and Administration: Ministers and Civil Servants, and the Government response, HC 1057.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mark Tami.]*

2.30 pm

Dr. Tony Wright (Cannock Chase) (Lab): It is a great pleasure to introduce the Public Administration Committee's report, "Politics and Administration: Ministers and Civil Servants". It may not immediately seem the most exciting topic for a Thursday afternoon, but perhaps we can make it slightly more exciting.

I welcome my hon. Friend the Minister. It is the school half-term holiday, and his young children are in town today. Assiduous followers of his blog and other things will know what a great family man he is, and we want to reunite him with his family as soon as we can. We are grateful to him for being here.

I say a real thank you—not because it is customary, but because it is true—to the members of my Committee. Select Committee vacancies are advertised every week, but we on our side of the House have noticed that there is never a vacancy for the Public Administration Committee. That is extremely revealing. It shows that a number of us have set about a body of work over a number of years and are able to contribute to that work collectively. The fact that we have worked together for so long helps us in what we do, and I hope that that is reflected in our products, including the report.

I apologise to the House for the huge delay in debating our report. I shall now be less generous to my hon. Friend the Minister and say that the delay is entirely of the Government's making. The convention is that Select Committee reports are replied to within two months. Extraordinarily, the report was published in March 2007 and the reply in September 2008—a full 18 months later. I have to tell my hon. Friend that the delay was not caused by the intellectual effort that went into producing the reply. It could have been done a good deal more quickly. I am sure that my hon. Friend will agree, and say that the Government will do better.

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): I want to head off repetitions of that complaint by long-standing members of the Committee. I give my unreserved apologies to the Committee on behalf of the Cabinet Office. When it was brought to my attention that our reply was so late, I said that we must ensure that we do not make that mistake again. If such problems arise again, I ask the Committee Chairman to please get in touch with me directly, and I shall try to put things right.

Dr. Wright: I fully accept that handsome apology. Let us now put the matter out of the way. Let us not keep reciting the problem, as it will take a lot of our time.

Sir George Young (North-West Hampshire) (Con): As the hon. Gentleman says, it was a handsome apology—but it was an apology without a reason. Having read the Government's response, it is difficult to see what on earth could have held up such an anodyne reply.

Dr. Wright: Indeed; but I am not in a position to answer that. We have probably identified the issue—

Mr. Gordon Prentice (Pendle) (Lab): Not quite.

Dr. Wright: My hon. Friend says that we have not quite finished with it.

Mr. Prentice: The implications of that huge delay can be seen in the reports before us. We started taking evidence in November 2005, which is four years ago.

Dr. Wright: It is three years. On this occasion, I am not going to say that we have come to the end of the discussion, but I should like to think that we have probably covered its most useful territory. We expect the Government to do better and hope that the problem will never recur.

In general, the Committee's job is to keep an eye on what the Government get up to. That takes us in a number of different directions. Recently, it has taken us in the direction of reporting on the machinery of making government changes. Again, the subject is not exciting in itself, but we highlighted the fact that, although other public bodies are expected to engage in consultation when they want to reorganise themselves, the Government can reorganise themselves at will by changing nameplates on Ministries. That has costs as well as benefits.

We argue that existing arrangements to involve Parliament in the making of such changes are completely unacceptable. I made that case the other night in relation to the new Department of Energy and Climate Change. It is a good idea, but it would have benefited hugely from consulting Parliament. That is an area to which we should return.

We keep our eye on these things, and I have noted how the size of the Government is covertly increasing. Parliament has made provisions about the size of the Government. Some issues derive from the increased size of the Government. We now have many more Parliamentary Private Secretaries; we also have unpaid Ministers—indeed, there is a good number of them—and we have what are called "assistant Ministers", whose job is help the regional Ministers. The effect of that is to increase the size of the Executive. It also increases the size of the payroll vote.

Kelvin Hopkins (Luton, North) (Lab): But without the pay.

Dr. Wright: Without the pay, but with associated costs.

The reason for such restrictions was to maintain a proper balance between the Executive and Parliament. We should therefore be watchful of developments that could cause difficulties. It is worth reminding the House that, once upon a time, it was the constitutional convention

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that, when a Member of Parliament joined the Executive and took a ministerial post, he had to resign his seat and fight a by-election, so jealously guarded was the dividing line between Parliament and the Executive. We are entitled to watch out for such developments.

On another front, I was told the other day that, when ministerial reshuffles take place, civil servants produce reports on ministerial performance. I do not know whether that is true, but it is an interesting suggestion—interesting even if it is not true. In turn, it raises the question of whether Ministers should produce reports on their civil servants. That would take us into some interesting relationships.

Our role is often to stand back from the daily disputes and the perennial scandals, and to distil some of the underlying issues and principles. The Committee is currently working on an extremely ambitious inquiry, rather grandly called "Good Government", in which we are trying to work out some of the underlying principles of good government. We are having some extremely illuminating discussions.

The report that we are debating today is very much in that tradition. We are standing back and trying to say something about what, on any test, is the key governing relationship in this country—the relationship between what Peter Hennessy always calls the "governing tribes". We need to revisit that relationship from time to time, to ensure that it is working well.

We began our report—this was its whole purpose—to dispatch once and for all the perennial arguments about whether the civil service was being politicised. That has been said repeatedly over the years. It has been said that it was happening under the previous Government and under this Government. We wanted to be helpful by trying to disentangle all the things that might be meant by "politicisation". We stripped away some of the difficulties surrounding the word and its pejorative overtones, and tried to say something sensible about it.

It is worth recording that, in some sense, the civil service is necessarily politicised and partial, because its constitutional function is to serve the Government of the day. Of necessity, it is not impartial between the governing and other parties, because its job is to work for the governing party and to deliver their programme. That is what Professor Colin Talbot calls the civil service's "serial monogamy". In that sense, there is a necessary politicisation of the civil service, but we know what we are talking about when we identify the bits that we worry about. We are worried about politicians interfering in such things as the appointment and advancement of civil servants when it contaminates the principle of appointment on merit.

That takes us to the relationship between the political and administrative sides of government, which we explored somewhat in our inquiry. We visited Finland and Sweden because, among other reasons, they are traditionally cited in all the analyses as the homes of good government. Universally, Finland comes top of the league tables. It is interesting that one finds far more politicisation in those places and far more political involvement in those respective Administrations than here.

In many respects, this country is unique—it is at one extreme end of the international spectrum. Even in Commonwealth countries such as Canada, the people whom we call permanent secretaries are called deputy ministers, and they are political appointees. I was introduced to the Australian cabinet secretary a few years ago, who turned out to be a political appointee. We should remind ourselves that, although we get into a great lather here about 50, 60 or 70 special advisers, we are at the far edge of the international spectrum when it comes to the division between the political and administrative sides of government.

Kelvin Hopkins: I am following with great interest what my hon. Friend is saying. Does he accept that other polities have other systems of checks and balances, and that the difference between some of those places and here is that we have a very strong Executive, meaning that our checks and balances have to be built in in other ways, including by having a strong, independent civil service?

Dr. Wright: Absolutely: we have to build in checks and balances in other ways. Traditionally, we have been short of them. We have had a strong Executive backed up by a kind of majoritarian politics that says, "If you win an election, you get to control the show." That has changed slightly, because we have put more checks and balances in, particularly under this Government—we now have human rights and freedom of information legislation, devolution and so on. We do not quite conform to the traditional picture but, on the whole, my hon. Friend is right.

We concluded from our examination that the evidence for politicisation in the sense of inappropriate political involvement with the civil service does not stack up. I do not believe that it stacked up under the Thatcher Government and it does not with this Government. Our conclusion, starkly, was that

"despite the regular accusations of politicisation, Britain…remains singularly unpoliticised".

That is because we have an in-built distinction between administration and politics. As my hon. Friend indicated, that provides an in-built probity in government.

Mr. Andrew Tyrie (Chichester) (Con): Is this really a matter of perception? When a string of former Cabinet Secretaries have lined up to say that they are worried about perception, one cannot help feeling that they are using typical Cabinet Secretary-speak to say that there is politicisation. Lord Wilson of Dinton said:

"There is a wide perception that the Civil Service has become politicised."—[*Official Report, House of Lords*, 5 March 2004; Vol. 658, c. 917.]

Whether or not one shares that perception, it has to be addressed.

Mr. Martyn Jones (in the Chair): Order. It is not normal to quote during interventions, Mr. Tyrie.

Mr. Tyrie: Oh. Well, I have done so now, but I will not do it again.

Mr. Martyn Jones (in the Chair): You managed to get away with it.

Dr. Wright: I do not doubt for a second that there is a wide perception, just as there is a wide perception that all Members of Parliament have their snouts in the

trough and are utterly corrupt. We know that that is not the case, but the perception prevails. Civil servants are anxious—they have some cause to focus on this—that they are being disconnected from their traditional policy advice role.

Mr. Tyrie: That is indeed a different issue. If that bevy of Cabinet Secretaries were worried about that disconnection, I am sure that they would stress the point. However, they are not; instead, they are stressing the perception that the civil service has become politicised. Will the hon. Gentleman speculate as to why on earth civil servants spend so much time worrying about a perception that he alleges is false?

Dr. Wright: I am not alleging. Let me tell the hon. Gentleman that we tested the proposition to destruction, not only in this inquiry but in previous and associated inquiries. We asked every Cabinet Secretary for the last God-knows-how-many years and an array of former civil servants to give us some concrete evidence of the charge of politicisation and, simply put, it was not there. The same opinion has come from outside observers. We are right to be anxious about it and we have to protect what needs to be protected. However, even if there is a perception and if people like to say that politicians are encroaching where they should not, we should try to establish the facts of the matter to see whether it really is the case.

Mr. Charles Walker (Broxbourne) (Con): Perception is important. Does the hon. Gentleman share my concern about the continued habit of civil servants in Departments to clap in new Secretaries of State? We saw that only a couple of weeks ago when the foyer of the Department for Business, Enterprise and Regulatory Reform filled up with civil servants to clap Lord Mandelson in. That was wrong: it would be wrong if it was a Conservative Secretary of State, and it was wrong—whoever it was—with a Labour Secretary of State. Is that not so?

Dr. Wright: I can feel myself being drawn into territory into which I do not want to go. I am not sure that I agree with the hon. Gentleman, who is a member of the Committee. It is quite proper for departing Secretaries of State and Prime Ministers to be applauded by their staff—it is a perfectly human thing when people have worked together for years. It is a courtesy. That is my answer to the hon. Gentleman.

Indeed, the hon. Gentleman has persuaded me to go further, and I will give another reason for the example to which he referred. Many things are said about my noble Friend Lord Mandelson—we have to learn to describe him that way—but so many civil servants over the years have told me, "Whatever else you say about Peter Mandelson, he was an outstanding Minister because he gave the kind of leadership to Departments that civil servants demand and respond to." When they applauded him in, they remembered the kind of leadership they had when he was last there and were quite pleased to see it return.

Mr. Walker: I think he was only there for three months, many years ago, so those people have a very good memory. A quiet drink is a courtesy. An engineered applauding-out or applauding-in is exactly that. It was engineered with the media. If Conservatives do it when we get in power—we will get in, eventually, in a year and a half—I will be equally concerned. I was not making a political point.

Dr. Wright: Perhaps we have different views on courtesy. I undertake to the hon. Gentleman that I will never criticise any incoming Conservative Minister who is gently applauded by his civil servants as a matter of courtesy when he enters office, or even when he leaves, when there may be more occasion for applause.

We started off wanting to focus on the question of politicisation but found ourselves being taken wider. That happened because, as always, events happen. A series of events in major Departments raised all the old issues about where ministerial responsibility ends and civil service responsibility begins. Events in the Home Office—I shall not go through them again—clearly illuminated that issue in a dramatic form. We had the events in the Department for Environment, Food and Rural Affairs over the farm payment scheme. We had the NHS budget, which removed the chief executive and so on. Subsequently, we have had problems relating to data loss and everything else.

Each event raises the question of what Ministers and civil servants are responsible for. One of the regrets about such a debate is that everyone gets terribly exercised when events happen, and they want to talk about nothing else. There is less interest, however, in wanting to talk about the relationships that are produced whenever such events happen.

We discovered that there were good reasons for revisiting some of the old issues. The hon. Member for Chichester (Mr. Tyrie) may have been with me on the Public Service Committee in the mid-1990s, when the Scott inquiry sat. That inquiry led to the House of Commons producing the 1997 resolution on ministerial accountability. Again, events triggered an interest in the issue, and the House of Commons wanted to nail down what that relationship was. Of course, it did not finish the business, as we see from current events.

As we explored the matter in our inquiry, a number of people agreed that there was an unresolved problem that we needed to try harder to solve. The first civil service commissioner, Janet Paraskeva, said:

> "I believe that the doctrine of ministerial responsibility needs to be reviewed... We no longer understand what it means."

That is quite a remarkable statement from the first civil service commissioner. If they do not now understand what ministerial accountability means, it suggests that we should at least give some consideration to the matter and try to find out whether we can do better.

The Home Office tried to improve matters after the events that led to the failed deportation of foreign prisoners, which caused the then Home Secretary, my right hon. Friend the Member for Norwich, South (Mr. Clarke) to resign. It devised a compact, which has been reproduced at the end of our report, that outlines the responsibilities of Ministers and civil servants. I am not saying that it was a complete document, but it was a response to a demonstrable difficulty, and it attempted to point the way forward. If the Home Office can do it—albeit under such circumstances—I cannot see why other parts of the Government cannot have a go at it, so that Ministers and civil servants know what they are respectively signing up for. We do not want to do it in a

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way that splits the different parts of the Government. Above all, we want them to work co-operatively.

I recognise that things may not be the same in each Department, because different Ministers bring different approaches to the job. Some Ministers want to be far more hands on; they want to be managerial. I could cite examples, but I will not. Others want to take a more strategic view. Therefore, I am saying not that there is one model, but that there should be a discipline in each Department, in each period, whereby the different parts say what they think they are responsible for.

The problem with the current doctrine of ministerial accountability is that, if it becomes difficult to pin down exactly who is responsible for anything, we have a defused accountability. That happens all the time. Whenever incidents happen, it is never clear who is responsible. On the one hand, how can Ministers be responsible for everything that goes on in their Department? On the other, we cannot identify civil servants, because they have anonymity. They are there to serve the Minister; that is the chain. No wonder that leaves Parliament and often the public baffled about why it has not been possible to get inside the chain of accountability.

In recent times, we have had strains on both sides of the relationship. Some Ministers have said quite regularly, and in some respects openly, that they are dissatisfied with the performance that they get from some of the civil service. The civil service is not very good at delivery or project and performance management. It does not do what the politicians, who are elected, want it to do. They might say that that has been confirmed by the capability reviews, which showed that civil service departments had major deficiencies.

Mr. Gordon Prentice: Can my friend tell us how Home Office civil servants reacted when the former Home Secretary, my friend the Member for Airdrie and Shotts (John Reid), said that the Department was not fit for purpose?

Dr. Wright: I was coming on to that. Civil servants say that it is unfair that they should take responsibility for things which Ministers are responsible for. The problem with that case is that we did not know who was responsible. Civil servants also say, "It's not fair if we don't get consistent leadership and a clear, strategic direction. It's not fair if we don't know what we are being asked to do. It's not fair if our policy advice isn't listened to. It's not fair if we don't have the resources to do the job."

On both sides, those voices have spilled into the public with former Ministers and former senior civil servants saying disobliging things about one another with regard to the relationship. That is an indication that we should better clarify the respective roles, and it is why we say—in the language that we use—that we think that there is a case for trying to put together a new public service bargain. We know what the old bargain is, and we know the difficulties that it poses for real accountability. Can we put together a new bargain that is underpinned by a good governance code? We say that there is one code for Ministers and one for civil servants, but is there a code for Ministers and civil servants? By that I mean the integral relationship.

We often talk about Ministers and civil servants in different categories, yet what we do not do, and what we need to do, is to talk about them collectively, because their collective operation determines whether or not we have good government. We have lots of talk about Ministers and civil servants, but we have little talk about that relationship. That question of improving accountability was one area that we considered. A second area that we stumbled into while exploring politicisation was the respective roles in relation to appointments.

The traditional principle is that civil servants are appointed on merit and that politicians inherit their civil servants. The fact is that we have a mismatch at the moment regarding the role of Ministers in relation to public sector appointments generally. We have a different system for Ministers in relation to externally appointed civil servants; by that I mean civil servant appointments that go out to external competition. In those appointments, the Minister is simply given a name to accept or reject. If the name is rejected, the whole process must be rerun.

In the case of quango or public body appointments, Ministers get to choose from a shortlist of people who have gone through the public appointments system. That raises questions about why there are separate arrangements for external civil service appointments and quango or public body appointments. We need to think our way through without simply making knee-jerk charges of politicisation every time the issue is raised.

We all know that we have an absolute requirement to prevent patronage, but we want at the same time to give Ministers a proper role in the appointment process, because they are the people held accountable for the performance of appointees. Different views were put to us about that during our inquiry. One view put to us forcefully was that we should stop pussyfooting around and allow Ministers essentially to appoint whom they want, including to the civil service. That was from someone by the name of Ed Straw, who is not entirely unconnected with a certain Justice Secretary. His view as a management consultant was that we have an interest in Ministers hiring those whom they consider the best people, because Ministers are accountable for their performance, so why on earth stop them?

We did not go down that road, because we thought that the dangers of patronage must be avoided and the principles of probity and impartiality safeguarded, but there is a case to be put. It is not the case that every kind of political involvement is simply a contamination of elected people. People are elected to do things, make policies, make a difference and produce outcomes. It is right that they should be involved in deciding which people run organisations.

It is worth saying that, in some respects, we have a peculiar arrangement in how we govern. How many other organisations require people to run them on the basis that they cannot directly appoint anybody to enable them to deliver what they say they will for that organisation? Who would take a job like that in any normal organisation? What chief executive would do so if they were told, "The condition of the job is that you don't get to appoint anybody else"? They would say, "How on earth can I deliver what I want to deliver if I can't do that?" It is a very proper consideration. We say that because it is extremely important that we have an

impartial civil service that can serve any Administration, but it is a peculiar arrangement compared with those of other organisations.

Ministers are fully entitled to say, "Given that, we're absolutely determined to get a civil service that is as efficient as it can possibly be, because we depend on it for our own performance, and we're going to be held accountable for it." It is worth remembering—I have said this umpteen times, but I will say it again—that when we classically reformed the civil service in the middle of the 19th century, rooting out patronage in those great Gladstonian reforms, it was not just because patronage was an evil. It was because patronage was inefficient. Appointing poor people through patronage resulted in poor services. The imperative was the rightness of appointment on merit, but also the sense of it for getting efficient public service. They have always run together.

Ministers are entitled to expect efficiency. I am glad that the civil service has taken that seriously through capability reviews. The Cabinet Secretary is much to be commended for that. I note that the revisited capability reviews are showing marked improvement on the first round. Setting up that system showed great confidence. I hope that it will become an integral part of Government and will be developed further. The relationship between Ministers and civil servants may seem arcane, but it goes to the heart of the matter and gives Parliament its core business. We have an interest in ensuring that that relationship works well. It gives people policies and all the things that affect their lives.

The concluding section of the report returns to the question of a civil service Act. It does so deliberately, because we as a Committee have lived with that issue for many years. I will not give all the dreadful chronology, but year in, year out, we have argued for it. In the 1997 election, all parties were committed to a civil service Act. We finally have a serious Act, in draft, in the Constitutional Renewal Bill. It is 150 years overdue, but we are getting there.

The Committee got so frustrated by the delays that, back in 2004, we drafted our own Bill. I think that that is the first time in modern parliamentary history that a Committee has sat down and drafted its own Bill, hoping to induce the Government to make further progress. I like to think that we can claim some role in bringing it to this point, and I hope that the proposal will sit firmly within the Queen's Speech in a few weeks' time.

The job is to embed certain key constitutional relationships, to give protection to the principle of appointment on merit to an impartial civil service whatever malign Government might come along in future, and to put down in statute what we think the key constitutional relationships are. The job is not to freeze the civil service or keep it in its present form, but to allow change and development to take place, some of which I have just discussed, and to combine constitutional solidity with the ability to make change and be flexible. That is why we turned our attention to those matters.

I end by repeating a sentence that we used in our report:

> "It is essential that the key governing relationship between ministers and civil servants is kept in good repair, both for effective government and proper accountability."

That is important, and I hope that our Committee and the report will play some part in doing that.

3.7 pm

Mr. Charles Walker (Broxbourne) (Con): It is a delight to follow the Chairman of our Select Committee, who made an outstanding speech. As a Conservative member of the Committee, may I say what a pleasure it is to serve on that Committee under his even-handed guidance?

When I was a youngster, which was not too long ago, there were two things that made me proud of this country. The first was our history of democracy and Parliament, and the second was our civil service, which was impartial and beyond reproach. It is something in which we can still take huge pride. I believe that, despite what we read weekly in the newspapers about sleaze and corruption, we have a good and decent body politic in this country, both here in Westminster and down the road in Whitehall.

There is a great move towards external appointments, as though they were some panacea for problems afflicting the civil service, but we need to be cautious. I feel that many of the people whom we are bringing in are good, decent, able and talented, but they are not steeped in the ethos of public service. Many people in the senior echelons of the civil service who earn good money could leave the civil service, or could have pursued different careers in the private sector, to earn enormous sums of money. We are so privileged to have those people in public service.

Of course, civil servants are prone to making mistakes. When one makes mistakes with public money, it is a serious thing, but in the past two months—or, really, in the past 12 months—we have seen the so-called masters of the universe, who have been earning tens of millions of pounds, making mistakes that have cost the taxpayers of this country hundreds of billions of pounds. That is public money, after all, because it is our money. There are no quick fixes in this matter. For that reason, we need to guard jealously the impartiality and integrity of our civil service.

I promised that I would not speak for long, and I do not intend to, but I was truly concerned by the welcome that the new Secretary of State for Business, Enterprise and Regulatory Reform received. It has nothing to do with the fact that he is Peter Mandelson; it is just not right for civil servants to be put in the position of having to perform for the cameras for the 9 o'clock or 10 o'clock news, or the morning bulletins, smiling and clapping a politician in. That is not their role. As I said earlier, I would be equally horrified if they did that for a Conservative Secretary of State. I am disappointed because Gus O'Donnell, the Cabinet Secretary, came before the Committee in, I think, June, and when we raised that concern, he seemed to take it on board—but it has happened again just a few months later. It damages the civil service in the eyes of the public, because the civil service belongs not to a political party but, wonderfully, to all of us. We must not allow it to be diminished in the eyes of the public.

That is all that I have to say. The report is important. I wish that I had been present when we took evidence; I joined the Committee only a month before the report was published. However, I can give an assurance that the Committee continues to do good work in this area, and that there will be more reports, to which I shall be able to make a fuller contribution.

3.12 pm

Paul Flynn (Newport, West) (Lab): It is a pleasure to serve under your chairmanship, Mr. Jones. I am sure that you must be greatly favoured in the Speaker's Office to be allocated a debate on this fascinating subject for three hours on a Thursday afternoon.

For me, the key revelation about the civil service was a series of talks given by David Henderson in the 1980s with the arresting title "The Unimportance of Being Right". He gave two examples of work in the civil service: the decision to build Concorde and the advanced gas-cooled reactor programme; he chose them as examples of investment, comparing the beneficial result with the amount of investment. He described them as the worst investment decisions since the Pharaohs decided to build the pyramids. Regardless of any view of those investments at the time as not, in our modern jargon, cost-effective, the point that he made strongly was that there were civil servants who bravely challenged or opposed the then conventional wisdom that those were two great, sexy, important projects on which all politicians agreed. Those civil servants' careers withered, but the careers of those who went along with conventional unwisdom prospered. The view that that is the ethos of the civil service is one that Sir Gus O'Donnell finds offensive, but there is a great deal of evidence to suggest that it is something that still exists there: people must go along with the party line, and those who are courageous, innovative and brave and challenge the foolishness of fashion suffer.

There are a great many civil servants in my constituency. I have the great good fortune to have the UK Intellectual Property Office—the old Patent Office—the Office for National Statistics and the regional passport office there. There are people in those offices who are greatly concerned about the ethos of the civil servant. In 1987 a group came to see me who were very concerned, as professional statisticians. Their office was being moved from the Cabinet Office to the Treasury. As they pointed out, they had been moved into the Department with the greatest vested interest in fiddling the figures.

There were allegations at the time that the Department of Employment was the most shameless and disreputable massage parlour in London, given the way it treated unemployment figures in the late 1980s. Those civil servants told me, "We do the work. We produce objective figures, which stand up, and which are the best we can produce in our professional lives, and they are handed on to politicians to manipulate." Their great fear was that that would happen. I sent a letter to the then Prime Minister, passing on those concerns, and received one back expressing her astonishment at the thought so unworthy that Governments would ever manipulate figures.

The present Government have not been given credit for the Statistics and Registration Service Act 2007. They took the decision, which should have been taken many years ago, to remove from Ministers' direct control the job of producing and publishing statistics, and to reduce the period in which Ministers could look at the figures beforehand. One commentator judged the Bill to be one of the most important of this Parliament, but it has passed almost unnoticed. However, it is of great significance in establishing the role of civil servants.

We know that the civil service is no longer like Dickens's Circumlocution Office, or Trollope's Internal Navigation Board, where civil servants were, I believe, entirely independent and removed from the political process. However, I agree with my hon. Friend the Member for Cannock Chase (Dr. Wright) that a degree of politicisation is acceptable in civil servants—and probably desirable as well. As to the much maligned advisers, I am told that there are fewer advisers in the civil service than people responsible for setting up and removing the pictures in Ministers' offices. It is a tiny figure.

An influential critic, Sir John Hoskyns, posed questions about the issue and argued as long ago as the early 1980s that if civil servants were not allowed to be politicised it put an unnatural and fundamental brake on Government activity. He suggested that the concept of political neutrality put senior civil servants in an impossible position, in which they had to become passive. As my hon. Friend said, that is probably the answer—that they are passive. If there is a need for change, and there usually is when a new Government who want to change things for the better come in, the people we need are not those who carry out the work passively, without being moved by any enthusiasm. If we have enthusiasts in the civil service, they are likely to work in a far more radical way, which is far more likely to be productive.

There is certainly a case for a degree of politicisation. However, we value the idea of civil servants acting as independently as possible. As has been said by hon. Members on both sides, we treasure that aspect of the service. We always think that the grass is greener on the other side of the hill. One reason I wanted to go to Finland with the Committee was that Finland has committees of the future to consider Bills from the point of view of someone who will be alive in 25, 50 or 100 years, so as to get rid of short-termism. One of the metaphors about political life is that we live in a saucer-shaped world, in which we are on the edge of the saucer, looking at one another, and obsessed with our internal divisions and gossip. The rim of the saucer, beyond which we cannot see, is the date of the next general election. There is some truth in that. However, Members of the Committee were surprised when we went to Finland and Sweden to be told that they were great admirers of our system—our foresight and organisations. We were told that we were one of the countries that is an exemplar for the rest of the world. We have many treasures here that are not always recognised.

Something that concerns me is the rise of the public service industry, which becomes a practical problem in the mythology of government, and what happens to be the narrative of the moment. Of course, there has been privatisation and outsourcing for years. The Patent Office was urged to outsource, because that was what everyone else was doing, but there was a great need to in-source, because it was providing services for patent examiners, trademark examiners and various other middle men who acted as agents. The public would go to see them and they would get in touch with the Patent Office and the trade mark department, which would do all the work while they creamed off the profits. A powerful case was made to alter the Treasury rules so that the public could go directly to the Patent Office, thus cutting out the middle man and providing a quicker, more reliable and more efficient service. The problem was

that the Treasury rules were against it, and the idea of in-sourcing was so strange and eccentric that it was difficult to get Ministers to take it seriously.

The trade union, Unison, has pointed out that a public service industry has been created, and significant sums of money have been spent on it, creating a sympathetic habitat for increased privatisation. That is the current state. That has helped to produce a climate in which there is little opposition in the main political parties to its growing role. It is the fashion of the day and is accepted. Lobbying organisations such as the CBI Public Services Strategy Board, the PPP Forum, the Business Services Association and the NHS Partners Network have been set up and have developed close relationships with the Government and the media. The industry also devotes considerable sums to sponsoring research that supports its role, through bodies such as the Serco Institute and the Aldridge Foundation, or through the direct funding of think tank activities. The whole mythology feeds on itself.

Contractors have recruited many former Ministers and civil servants as directors and advisers. In relation to this report and others, the Committee is concerned about that revolving door, which can be corrupting to the role and independence of civil servants. Many civil servants retire at a relatively early age—perhaps at 60, just as they approach the prime of life—and go on to have a long career elsewhere. Does it enter their heads, when they are doing their work and making independent decisions, that there might be something in it for them, such as a cushy retirement job?

Lord Wilson of Dinton has been mentioned. Sir Richard Wilson was the head of the home civil service and secretary to the Cabinet. As such, he had overall responsibility for seeing that the Prime Minister's policies on public sector reform were carried out. Afterwards, he was appointed a director of Xansa, now part of the Steria group, which is one of the main providers of business process outsourcing services to the public sector.

I have a whole list of such examples. Sir Gerry Loughran was head of the Northern Ireland civil service from 2000 to 2002. After retiring he took on a number of private sector directorships, including Phoenix Natural Gas, which is owned by the Terra Firma private equity firm, and he soon became chairman upon joining the board. When he was a senior civil servant, Loughran chaired the Strategy 2010 project to sell and lease back the civil service property portfolio. After leaving the civil service, Loughran became a director and chairman of Partenaire, where he led the company's unsuccessful bid to win the £2 billion workplace contract.

Lord Wilson's successor as head of the home civil service was Lord Turnbull. His current directorships include British Land, which is active in the private finance initiative and public-private partnership market, and Prudential, which is also active in the market. The famous Sir Peter Gershon, who gave us a report of great value, has had an interesting portfolio since he left the service. He became a civil servant in 2000, as a founding chief executive of the Office of Government Commerce, and conducted a series of well-known reviews in the period up to 2004. Sir Peter is now the executive chairman at Vertex, one of the largest suppliers of business outsourcing services, and is the non-executive chairman of the General Healthcare Group, which is the largest private health care group in the UK and is owned by the private equity group, Apax Partners, and the South African health care company, Netcare. Sir Peter has also completed a review of ICT procurement for the Australian Government.

There are a great many such examples of people who have been at the top, such as our friend Chris Woodhead, whom we all know and love. Following his period as the chief inspector of schools, he set up the Cognita group of independent schools, using funds supplied by a private equity firm, Englefield Capital.

Mr. Gordon Prentice: Is my friend telling us that the Advisory Committee on Business Appointments is falling down on the job? What conclusions is he asking us to draw from this long list of former senior civil servants who are now active in the commercial world?

Paul Flynn: I shall come to that committee in a moment. We have interviewed the committee, and we know that it rarely meets and that its members may contact each other by letter. It is a bit of an old boy's club, and one member was described as having an austere point of view for believing that limits should be placed on the jobs that civil servants and Ministers can take on.

Another person whom I would like to mention is Sir Steve Robson, who was one of the regular attendees at our Committee. One of his triumphs as a civil servant was overseeing the privatisation of British Rail. I was rather surprised, when I questioned him, that he did not seem to be aware of a splendid independent report by a Select Committee of this House, chaired by a Tory, that came to the unanimous conclusion that the privatisation and fragmentation of British Rail would be an unmitigated disaster. That turned out to be accurate in every respect. After privatising the railways, Sir Steve was the second permanent secretary at the Treasury until he retired in 2001. While he was a civil servant, he was seconded to 3i, so he was partly private then, with a foot in both camps. He also oversaw the Government's policy on PPPs while serving the current Government at the Treasury. Since retiring, Sir Steve has been a director at Partnerships UK, JPMorgan Cazenove, Xstrata and the Royal Bank of Scotland. He is also a member of the chairman's advisory panel at KPMG. That is a full life!

Kelvin Hopkins: I strongly agree with my hon. Friend's comments about Sir Steve Robson. What are his feelings about Sir Steve Robson having said that there is no such thing as the public service ethos—in other words, that there is only the market and money?

Paul Flynn: Yes, Sir Steve Robson is one of the people who entered the civil service without any great respect for the ethos that we all like to praise. I am afraid that there are others with similar views. The civil service is a changed body with a different culture from the one that we long believed existed. Some people have been politicised in a certain way, very much along the agenda of the Thatcher Government—of moving towards privatisation, in the belief that that is right.

I remember when the executive agencies were first set up. That development had a great deal of support in many quarters. We do not really recognise that most civil servants now work for the next step agencies. At the Department for Environment, Food and Rural Affairs,

[Paul Flynn]

more staff work for the Rural Payments Agency in Newcastle than directly for DEFRA in London. When those agencies were set up, they were so remote than when hon. Members asked questions about them, their questions appeared in *Hansard*, but their answers never appeared. Instead, they were sent to the individual Members. With the help of the Rowntree Trust, I set up a private enterprise project that printed all the answers every month in a booklet called "Open Lines", because it was a denial of information programme. About a year later, the Government nationalised my private enterprise project, reversed the trend and started to publish the answers.

It has been suggested that there is something we could do about the appointments body, and I believe that there is. The appointments body is made up of the great and the good, and we have spoken to its members. There seems to be dissatisfaction among the members with the limits of their power. I suggest that the appointments body should have the power to impose limits and to say to people who are taking these high offices and jobs after their retirement that they should not be lobbying in certain ways or that they should not be active for a year or so; it put a certain limit—two years—on one former Minister to avoid problems.

What would perhaps be useful is if we could have a system whereby civil servants and perhaps Ministers too are banned from working in those areas that are related to the Departments in which they served. They should not be allowed to take retirement jobs in those areas. That would remove the temptation, and the possible accusation, that they are looking for cushy retirement jobs when they take their decisions as civil servants. I believe that we need a strengthening of the appointments body and that that would generally improve the quality of civil servants.

I would like to come back to the original point of the report. There is a powerful case for a civil service Bill, for the benefit of both civil servants themselves and the country, because we want to continue to have the wonderful service that has been supplied to us for a couple of hundred years at least by a civil service that is still in many ways the envy of the world.

3.31 pm

Mr. Gordon Prentice (Pendle) (Lab): It is a delight to follow my friend the Member for Newport, West (Paul Flynn). I would just like to pick up his closing point about the Advisory Committee on Business Appointments. We really need to shine a light into dark corners. When Ministers leave office and take up employment in commercial organisations, very often with huge salaries, they are often told that they cannot lobby their former Department or the Government. However, the system is not policed in any way, and it is crying out for reform, which I hope will happen sooner rather than later.

My friend the Member for Cannock Chase (Dr. Wright), who is the Chairman of our Committee, covered the ground and I have only a few other points to make. First, I would like to say that we spend our time talking about mandarins, but there are thousands of civil servants across the country doing less elevated work that is none the less just as important. A civil service strike is coming up on 10 November, and I think that politicians and Ministers are often too ready, when things go wrong, to blame civil servants for policy failures. The former Home Secretary, the Member for Sheffield, Brightside (Mr. Blunkett), talked about taking decisions in his ministerial office and pulling rubber levers. He wanted something to happen; he would pull the rubber lever, and it would not happen. Well, that is what happens when a decade or two decades are spent hiving off, privatising, outsourcing and fragmenting, so that we have a civil service that is not a unified civil service in the way that we used to think of it. Instead, we have a fragmented civil service, with the next step agencies, the arm's length organisations and so on.

This Government benefit from scrutiny. Too many decisions are taken in a hole in the corner. Our late friend, Robin Cook, who was the former Member for Livingston, told us:

> "Good scrutiny makes for good government".

I entirely agree with that statement. This Government need a lot more scrutiny.

I welcome the movement that the Government have made on pre-appointment hearings. We had long pressed for that movement, but Parliament will now have a role in the appointment of people who run key organisations. I do not have the list of those people in my head, but I hope that the chair of the BBC will come before relevant Select Committees. Certainly, the regulators, who shape so much of our lives these days, should be on the list, along with the police complaints officials. There is a core of public appointments that should be brought before Parliament, and Parliament should be invited to give its imprimatur before they are appointed. So that is a good thing that the Government have done.

The constitutional renewal proposals were published in the summer, and as part of those proposals the Government agreed, at long last, to introduce a civil service Bill. For years, the former Prime Minister, Mr. Blair, was dancing around this subject, prevaricating and giving hints. It was like a dance of the seven veils—it really was. There were hints that a civil service Bill would be introduced, and we on the Committee got so exasperated that, as my friend the Chairman of the Committee said, we published our own Bill way back in 2004. Now, however, we have a commitment on the record that the Government will act on this subject, which is good.

I am disappointed, however, that our recommendation for a code of good governance has been rejected; I am looking at the Minister at this point. The Government response to the report says:

> "The Government does not believe that introducing an additional code is the most appropriate way forward in this area."

The civil service code and the ministerial code should be approved by Parliament. We wanted a third code—a code of good governance—to underpin the other two. However, that third code has been thrown out of the window by the Government. Presumably, Ministers think that we are perfectly well governed as it is. However, that is not the case, is it?

We heard earlier in interventions that mandarins—senior and retired civil servants—came before our Committee; I think that we have heard from the lot of them, really, at one time or another. I remember Robin Butler coming before us and saying—it may well have been in answer

to a question from me, although I cannot recall precisely—that there had been a decline in the quality of government. All the other retired mandarins there nodded sagely at that.

I reflected on that observation, and I thought that there have been some truly spectacular policy failures. In fact, the front page of the *Financial Times* on Tuesday—you would have seen this, Mr. Jones—said:

"NHS computer records project grinds to a halt".

That is not any old computer records project, but a

"£12bn computer programme designed to give doctors instant access to patients' records across the country".

We are told by the *Financial Times* that the project—the Connecting for Health project—has virtually ground to a halt. I do not know whether I should feel despair, because we have the super-expensive identity card project somewhere in the pipeline. If we cannot deliver a sophisticated computer project for the NHS, I wonder whether we can deliver on ID cards, and I hate to think what the cost to the public purse of that project will be.

Let us look at the other failures. We had the tax credit fiasco. Every MP had people whose hair was dropping out or going grey because of the problems that they had with tax credit. Equally, for as long as I have been an MP, I have been wrestling with child support in all its forms; that is another spectacular failure. There is also immigration and nationality, which is now called border control. A constituent came to see me at the weekend. He was applying for asylum. His first marriage had broken down, and he had left the marital home before he had indefinite leave to remain in the country. He got married again, and his new wife, if I can describe her that way, is pregnant, so it is really important that his immigration status be resolved quickly. I was shown a letter by the authorities saying that his case may be decided by, I think, 2011. Now that is simply not acceptable. I do not know the details of the failure, but it is an administrative failure of gigantic proportions that affects the lives of those constituents of mine.

Of course, we then had the loss of data. We have had various Committee sessions on it, and the losses seem to happen with regularity: whether in the Ministry of Defence or some other Department, someone leaves important information on a train or in a car, and it disappears. And finally—at least I think this is finally—we had the failure involving the 10p tax debacle, with the payment of money to 22 million basic-rate taxpayers who did not lose anything, while those who were on the receiving end have not yet been fully compensated. We wait to hear what the Chancellor says in the autumn statement, but 1.1 million people still have not been fully compensated.

Where does the responsibility lie—with the politicians or with the civil servants? In the example that I have just mentioned, it was clearly a political failure, because we had in front of the Committee the relevant civil servant—well, I say relevant; he was the head of the home civil service—and I asked him how could it conceivably have happened. What were the checks and balances? Who tested this policy to destruction? Who said, "If you lower the basic rate of income tax and get rid of the 10p band, how many people are going to lose?"? Who asked the questions? I was told that the distributional analysis of the winners and gainers would have been put together by Treasury civil servants and placed in front of the Chancellor on his desk. So we know where the blame lies in that case; but, in many others, we do not.

I think—I have felt this for years—that we need a kitemark for policy. For as long as I have been an MP, I have seen translated into legislation policy that should have never seen the light of day. We just do not have a robust system of testing policy to destruction, and I blame my colleagues—you would expect me to say that, Mr. Jones—and the senior civil service for letting it happen. I am not going to go into ancient history, but earlier I mentioned Robin Butler, who, along with Lord Hutton, exposed for everyone to see the internal wiring of the British Government: the way in which we went to war in Iraq, when the Cabinet was treated like a vegetable patch and not brought into the discussions. It is all there—I will not go through it all—in the Butler report.

There is then the absence of records. Over the past 10 years, records have been seen as almost incidental. The famous sofa Government seemed to say, "We don't need to keep a record of this; we can just, kind of, agree among friends." Well, record keeping—accurate, meticulous record keeping—is essential for good public administration, and the senior civil servants, the mandarins, fell down on the job. They—Robin Butler, Lord Turnbull, Lord Wilson of Dinton and the rest of them—should have insisted that records be kept and proper procedures followed. One senior civil servant, Sir Nick Monk, who came before the Committee during our inquiry, drew up a code of good governance based on what happens in companies. It is probably not the best time for me to refer to good practice in companies, but Sir Nick looked at what happened there and concluded that the template could equally apply to central Government, whereby people—I am thinking about the Cabinet, the very centre—would be brought into the decision, given ownership of issues and papers to read well in advance of the meeting, and contribute. We get good government and administration when it is not kept to a tiny group of people at the centre—it is almost Leninist—but involves more people and Departments.

I found it astonishing when—was it 2005, or perhaps 2006?—Lord Warner, who is now significantly involved in the commercial world but was then the Minister with responsibility for health reform, made an announcement on Parliament's last sitting day, in July, saying that 250,000 NHS employees working for primary care trusts would be transferred out of the NHS and into the private and not-for-profit sectors. That was a huge policy decision, and it was reversed—countermanded—months later, in the December of that year, by the then Secretary of State for Health, the Member for Leicester, West (Ms Hewitt). But I ask myself, "How on earth did such a flawed policy ever get to the stage where it could be publicly announced by the Minister for health service reform, only to be repudiated afterwards?"

I have one or two closing remarks. The civil service commissioners ought to keep an eye on the system. Whistleblowers should flag up their concerns to the commissioners, but the commissioners should—I hate this word—proactively police the system. I talked earlier about the essentials of good public administration and good governance, and they should police them.

The reconfiguration of Whitehall, which my friend the Member for Cannock Chase mentioned, is an absolute disgrace. It is a disgrace how Prime Ministers can, on a whim, completely reconfigure Whitehall. It was a scandal that the former Lord Chief Justice, Lord Justice Woolf, found out about the creation of the Ministry of Justice

[Mr. Gordon Prentice]

from reading *The Sunday Telegraph*—absolutely scandalous. And someone, somewhere decided to get rid of the office of Lord Chancellor, until they looked at it in detail and figured that it was not as easy as that, so we still have a Lord Chancellor, except that he sits in the House of Commons, perversely.

There are any number of examples of departmental reorganisations going off at half-cock. We had the famous example, again a few years ago, when the Department of Trade and Industry, which is now of course the Department for Business, Enterprise and Regulatory Reform, was going to become the Department for Productivity, Energy and Industry. A plaque went up outside the building in Victoria street, but later that day, it was taken down and the Government did not go ahead with the name change. We need to do something about that. The Committee made recommendations, not in this report but in another, about Whitehall configurations. If they are major enough, Parliament should vote on them. It happens in our sister democracy in Canada. Major Ottawa reorganisations have to be approved by the Ottawa Parliament, and we ought to do that, too.

The Prime Minister ought to give some consideration to the number of Ministers who move around without getting their head around their brief. The whole process is totally capricious anyway. I know so many good Ministers who leave the Government and it is a total mystery to me, and probably to them, why they were sacked.

The former Home Secretary, the Member for Airdrie and Shotts (John Reid), famously said that his former Department was not fit for purpose. He is a real bruiser; he says it as it is. I was looking at his ministerial record on his website, however, and in 1997-98, he was a Defence Minister; in 1998-99, he was a Transport Minister—vroom, vroom—and from 1999 to 2001, he was the Secretary of State for Scotland. In 2001-02, he went over the Irish sea as the Secretary of State for Northern Ireland; in 2002-03, he went back to London as party chair and Minister without portfolio, so that he could extend his tentacles wherever they go. In 2003, he was Leader of the House—I remember him still, pugnacious at the Dispatch Box—and from 2003 to 2005, he was the Secretary of State for Health. In 2005-06, he was Secretary of State for Defence, and then in 2006-07, with all that experience of home affairs behind him, he was made Secretary of State for the Home Department, and he said that it was not fit for purpose, and he knows about that.

There is an issue about how long people stay in ministerial positions and ministerial training. I give the Government 10 out of 10, or nine out of 10 for starting to address the problem of training Ministers. I have probably said too much, but I had to get some of those things off my chest. This is a good report, and I am glad that the Government have moved at least some way towards addressing the concerns that we have flagged up.

3.52 pm

Kelvin Hopkins (Luton, North) (Lab): It is a pleasure to serve under your chairmanship, Mr. Jones. It is an even greater and more long-term pleasure to be a member of the Select Committee on Public Administration, which is absolutely splendid. We have heard some of its members speaking today. In my view, it is the most interesting, enjoyable and worthwhile work that I have done while I have been in Parliament for the past 11 or so years. We have heard four splendid speeches, most of which I agree with, but I have my own take on many of the issues. I hope that my hon. Friends who are members of the Public Administration Committee will forgive me, as they will have heard my views before, but I want to put them on the record in a Westminster Hall debate.

In an intervention earlier, I mentioned checks and balances and the importance of ensuring that we preserve those checks and balances in our democracy. We do not have a written constitution as in America, where there is a separation and balance of powers, and our electoral system does not have proportional representation, which gives immense power to Parliaments because Parliaments have to assemble Governments from various parties. Even before the Governments of Thatcher and Blair, we had what was described as an elective dictatorship, because once a party gets power, the Prime Minister has enormous power of patronage, and control of a party and the Government in every sense, so checks and balances are important.

Historically, one of the checks and balances that we have had is the independent and impartial civil service. We tried to get the best possible minds, those committed to public service, into the civil service. Even when I was a student at university, some 40 or more years ago, there was talk about non-civil servants moving into the civil service, and having an exchange with the commercial world outside. Even at that time I felt uncomfortable about it. I have always felt that there is a distinct set of values involved in being a public servant, compared with being a market trader in the City or making money for McDonald's. Those jobs are no doubt worthy in their own way, but they are different.

I agree with every single word said by the hon. Member for Broxbourne (Mr. Walker). I hope that my support for him will not damage his future political advancement—me being a socialist of the left. Nevertheless, I agreed with everything he said and I think that on these matters we agree with each other. We have had checks and balances, and progressively, all opposition to the centre has been stripped away. It was stripped away in the civil service and even in the universities, and certainly within my party. A number of hon. Members have asked me how I got through the net—I was elected in 1997—and I have said, "What net is this?" I have even had people who, when they have heard me speak, have moved their chair away from me, because they are uncomfortable with my views, which do not always accord with the new Labour religion. So, even within parties, there has been resistance to having a range of views.

It was Robin Cook, speaking at the Hansard Society, who said that one of the problems within the Labour party has been that our leader is now elected by the mass of the party, so MPs do not have control of the leader and the leader has much more power within Parliament than he or she had before. Instead of having to appoint a range of views from within the party, and having a Cabinet ranging from Roy Jenkins to Tony Benn, from Denis Healey to Barbara Castle, he or she can now appoint hon. Members in their own image, and resist all pressure from those who disagree with them.

That is what has happened. There are many splendid MPs on the Labour side who would, in any normal Government, be in Government, but they are not because they occasionally take a dissenting view and they represent opinions that are slightly different from those of the leadership. That is deeply unhealthy in our democracy.

We have heard today some speeches from colleagues, and the tour de force came from my hon. Friend the Member for Pendle (Mr. Prentice). He is a man of immense talent who, because his views do not accord with the leadership view on some matters, is being passed over for advancement. That is a loss to the country and a loss to our party, although I do not want to sound flattering. There are others. Some hon. Members have chosen not to seek advancement, and that is their choice. I know that the Chairman of the Public Administration Committee, my hon. Friend the Member for Cannock Chase (Dr. Wright) could have been a Minister, but I know personally that he chose not to take that route. His chairmanship of the Committee is one of the best things that I have seen in Parliament while I have been here. He does not always agree with members of the Committee and we sometimes have robust debates, but as a Chairman he is splendid and it is not surprising that none of us has resigned from the Committee, because we value our membership so much.

In any democracy, we have to build into all our institutions differing voices. In the civil service we have to do that, too. When I was a student, I was told by one of my economics lecturers, who said that he had worked in the Treasury, that in the Treasury there was a range of views—there were Keynesians and people who took different views. Whenever there was a change of economic policy there was always somebody around who would take over and put the new policy into effect. The 1967 devaluation, for example: there were those who resisted it and those who knew it had to happen, but they could bring out something that they had prepared earlier and present it as a policy that worked straight afterwards. Some of us, like me, were urging devaluation; others were resisting it; nevertheless, there were people there. Had that been the case at the time of our entrance into the exchange rate mechanism, we may not have had the disaster that followed, which led directly to the destruction of the Conservative Government at the 1997 election. That collapse of the ERM in 1992 was the major factor in undermining and destroying that Conservative Government.

When he was Chancellor of the Exchequer, Nigel Lawson insisted on having a private office of civil servants who all agreed with him—people who were, as Mrs. Thatcher used to say, "one of us". He wanted all his civil servants to be like himself and in line, getting his ducks in line politically, so that they all were supporting the ERM strategy. He did not want people who would ask, "Are you sure this is right? Are you sure we can sustain a parity of 3 Deutschmarks to the pound? Do you not think it possible that the money markets may destroy the pound at some point?"

Mr. Tyrie: I wonder whether the hon. Gentleman could cite any evidence for that. I was in the Treasury at the time, as—dare I mention it?—the special adviser to Nigel Lawson, and what the hon. Gentleman is describing is quite alien to anything that I recall.

Kelvin Hopkins: I defer to the hon. Gentleman's greater knowledge of such matters, but that is what I have read and what has been reported. I understood that that was the position.

In my own small world, I insist that people challenge what I say and correct me if I am wrong. I want people to tell me if I get something wrong. It would be healthy if Ministers did that, and if the civil service held a range of views. My hon. Friend the Member for Pendle spoke about disastrous party political decisions. The greatest catastrophe of all is what has happened recently with the financial markets, the banks and the housing market. It will haunt us for years, if not decades, to come. I have written every month for the past 10 years in an obscure left-wing journal that the policy was disastrous, mistaken and misguided. Of course, nobody took much notice, apart from the small group of people who share my view, but it turned out that we were right.

Indeed, if we had accepted what seemed to be an extreme policy of the Labour party 30 years ago—to take the banks and financial institutions into public ownership—we would not be in the present situation. The institutions would have been publicly accountable, and that kind of debacle would not have been allowed. My key point is that we ought to build critical voices into everything we do, to ensure that we get things right. My hon. Friend said that, as well.

The situation has been very unhealthy in the past few years, but I would like to think that things are changing now. We had a big debate in the Committee about the role of special advisers. If they are interposed between the civil service—or, indeed, Ministers—and the leader and his Downing street team, that is deeply unhealthy. I have used the term "Leninisation" many times to describe having people who, in effect, act as political commissars and control things throughout the Government. That view may seem extreme and some might challenge it, but I believe that it is now accepted.

I would like to think that the present Prime Minister is making changes. There are fewer special advisers. I believe that the Minister of State, Ministry of Justice, my hon. Friend the Member for North Swindon (Mr. Wills), who has done a great deal on the White Paper on constitutional change, has recognised that, as well. Having to one side special advisers who advise Ministers is fine, but having special advisers who directly instruct senior civil servants and, indeed, Ministers is not.

We had the situation of Baroness Morris, who obviously resigned as Secretary of State for Education because she was not in charge of education policy. A special adviser in Downing street was controlling education policy and she was being bypassed, so she thought, "What is the point of being the Secretary of State if I do not have any say on policy?" Subsequently, of course, that special adviser became a Minister in the Department, but such a situation is not healthy in politics or in government.

Mr. Nick Hurd (Ruislip-Northwood) (Con): I am following the hon. Gentleman's speech with great interest. Is it his view that the number of special advisers should be limited, or that their role should be formally limited?

Kelvin Hopkins: It is the role that is key. Numbers are neither here nor there. In a sense, everybody ought to have a special adviser, but after one has taken the

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advice, they should deal with the civil servants. Special advisers should not come between the leader and the civil servants, or give direct instructions to civil servants to ensure that a line is followed.

I think that the situation is changing now. I would like to think that the present Prime Minister has recognised the problem. I had a welcome report yesterday from a fellow member of my party who said that the Prime Minister has recently been asking civil servants for their views. Apparently, that shocked quite a few civil servants. When a group of them were first asked for their opinion, they sat in silence. They did not know what to say because they were so used to taking instructions rather than giving views. That may be a slight exaggeration, but it was reported to me as being genuine by someone who has worked inside Downing street, and I would like to think that it is the case.

It is not so much that civil servants have been politicised or selectively appointed because of their politics, but that there has been a tendency to change the political culture from the very bottom. I believe that that started with Mrs. Thatcher. If someone wants to bring about a revolution, they have to start at the bottom and work upwards.

For example, Keynesian economics was considered out of fashion in universities. If one goes back to Mrs. Thatcher's time, the Cambridge department of applied economics used to make forecasts of the economy and get it right time and again. The group that got nought out of 10 for its forecasts was the London Business School, but Mrs. Thatcher withdrew funding from the Cambridge department and took all her advice from the business school.

My hon. Friend the Member for Newport, West (Paul Flynn) said that it was not a question of being right but of being in fashion. The economic fashion for neo-liberalism started a long time ago, and even in universities one could not find people who taught Keynesian economics, yet Keynes is suddenly acknowledged as having been right. Many of the remedies that he would have proposed are now being considered. Keynes, of course, is dismissed as an extremist who talked nonsense, but apparently Bertrand Russell used to defer to him because he was intimidated by his intelligence, so he was not daft.

I am not saying that Keynes was always right, but his was a counter-voice. We should have people with different economic views debating the future so that we can test ideas to destruction before they are put into practice. My hon. Friend the Member for Pendle said that in his speech.

We have to challenge the whole culture. We have to develop a genuine debate about politics within parties—parties are a vital part of our constitution, and part of our pluralistic world, too—within the civil service and within the universities. People must not be viewed as on or off message, or as one of us or not one of us. Those authoritarian undertones have to go.

In future, we must have a much more open debate about policy, and we must listen to some of the voices that have been regarded as dissident or out of fashion. The civil service is still relatively safe compared with some of our other institutions. I believe that my party is much less healthy than the civil service, but I would like to think that it will improve considerably in future years. I could speak at greater length, but I think that I have said more than enough.

4.7 pm

Mr. Andrew Tyrie (Chichester) (Con): First, I apologise to you, Mr. Jones, and to everybody else who has been here throughout the debate. I had to slip away and miss some of the proceedings to attend a meeting of west Sussex MPs to discuss a crisis in the delivery of hospital care that affects a hospital in my constituency.

I very much enjoyed listening to the hon. Members for Pendle (Mr. Prentice) and for Luton, North (Kelvin Hopkins). I always do, and I agreed with a great deal that was said, some of which I therefore shall not repeat.

However, I take issue with the point about Nigel Lawson's selection of advisers to ensure that he had around him people who always agreed with him. I do not recognise that at all. As I think almost anybody who knows him or knew him at that time would confirm, the one thing he liked was a good intellectual scrap. He used to spend most of his time trying to find people with whom he could have a good argument. I am running through in my mind the people who he had around him at the time. For example, he had in charge of supply-side policy—the epicentre of what became known as the Thatcherite revolution—Denis Healey's former principal private secretary. He had in place a deputy chief economic adviser who strongly disagreed with the central tenets of the exchange rate mechanism policy—that was an open secret—and in meetings that I attended gave dissenting views.

Nigel Lawson's view, which is the correct one for all Ministers, was that it was important to get the best people around him and to get the best out of them, and to create an ethos in the civil service that instilled enough trust to enable robust discussions to take place in complete confidentiality.

Incidentally, that is why when the Select Committee discussed the Bill that became the Freedom of Information Act 2000, I disagreed with the hon. Member for Cannock Chase (Dr. Wright), who was the Chairman at that time as well, on one area. I felt that policy discussions should remain wholly outside the remit of the Act, and I still believe that.

I felt part of that civil service ethos. I was much more a policy adviser than a political adviser, which is what special advisers seem to be these days. I did some political work, but I knew what my job was. As the Lord Chancellor said recently, when describing his time as a special adviser when giving evidence, "It was my job to keep my head down." I certainly did that and he seems to have done so when he was a special adviser. I am sad that that attitude has been lost with some of the current incumbents.

Kelvin Hopkins: I think that the hon. Gentleman has answered my question. I was going to ask whether there were any serious heavyweight voices saying that the ERM strategy was going to be a disaster and should not be entered into.

Mr. Tyrie: That is all ancient history now. There certainly were from a monetary perspective, although there are many angles to the issue. Let us move on, because this is not a debate about those issues, which may interest the two of us but not everybody else.

Listening to the Prime Minister's statement, in which he gave us an apparently bold set of initiatives on constitutional reform, I was immediately suspicious, not because the words seemed bad, but because of who was saying it. I had followed what he said about the economy and had seen the gap between what he appeared to announce and what he actually announced in many areas of tax and spending policy. The hon. Member for Cannock Chase did a tour of the TV and radio studios, describing those initiatives as "Christmas", but I am afraid it turned out to be Christmas in a board school, or somewhere where few presents were around, because when we finally got, through "Governance of Britain", the draft Constitutional Renewal Bill it was surprisingly thin on all these issues. I should say that, to me at any rate, it was unsurprisingly thin.

There are a couple of acid tests by which the Bill can be judged. First, if it were in place, would Parliament be better able to scrutinise the activity of the Executive? For example, would we have been able to have in place better ex post scrutiny of Iraq, even if not ex ante, and would we have been able to have the full inquiry, which many hon. Members who opposed the war feel is necessary? I cannot see much in those proposals that would have improved the scrutiny of the Iraq war, even if they had been in force at the time of the war. We must give Parliament and its Committees independence—and its Select Committees enough power—to be able to make those ex post inquiries themselves; they do not have it at the moment. They must be able to call for papers and officials, as American committees do, and they should, of course, have Chairmen who are independent and seen to be independent as a consequence of election by secret ballot of the whole House. The hon. Member for Cannock Chase is an independent-minded Chairman, which is why his Committee has functioned better than many, but we should not have to rely on people who adopt that degree of independence of mind.

The second acid test of the whole constitutional renewal package is whether the British public will trust and respect their system of government any more once the Bill is in force. After all, we are all agreed that there has been a decline in the level of trust. The Bill contains scarcely any measures that will do much on that score. There is a tiny bit here and there, including putting the Ponsonby rule on a statutory basis; the public will not know what that means, but at least wars will be slightly better scrutinised than they would have been.

Among the things that I would like to see is an end to the Prime Minister's almost exclusive control over patronage, because that enables the Prime Minister to wield such huge power. I am pleased that the democracy taskforce on which I sat, chaired by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), came out in favour of a wholly independent committee for the appointment of peerages, knighthoods and other honours and for a complete divorce of the appointment of honours for people whose job is to serve in the legislature.

An elected House of Lords, which I would prefer, would be a step forward. We should clean up party funding by putting a cap on all big donations by individual donors and trade unions, for example. That is controversial for all parties, but I think that it has to be done. Perhaps we should consider some measures for direct engagement with the electorate, such as giving some teeth to petitioning and giving some place in the timetabling of our legislative programme for petitions.

If we had had any of the proposals that I have just mentioned, the trust issue would begin to be addressed a little. Has the report done much in that regard? I am afraid that I am not a strong supporter of it. There have been a lot of friendly words about it, but I did not find much in it that was exciting. Rather than go through it bit by bit, let me just illustrate why I feel that it is a little bit thin by mentioning a few things that need addressing and saying where I think it is off beam.

One of the worries that the report seeks to address is a bit of a non-worry: that politicians may try to politicise the role of appointing civil servants. That is not the main problem. The main problem is not that the civil service needs to be kept pure through the appointments mechanism, but that it may be bypassed from the heart of decision making within the machinery of government.

Certain clauses as drafted in either the first or second volume of the Constitutional Renewal Bill—I cannot remember which—suggest that the civil service should give impartial advice to Ministers, but it should also say that Ministers should give due weight to that advice. In other words, they should have to show that they have at least listened to that advice and that civil servants had an opportunity to say their piece in front of the Minister, rather than being channelled and funnelled through intermediaries, such as advisers.

Hon. Members might say, "What sort of remedy could there possibly be with such a clause?" Freedom of information could help there and could establish whether the fact of advice, rather than its content, was ever received or looked at by a Minister. This Prime Minister, when he was Chancellor, had a habit of getting into a huddle with a trusty few—an inner core—often without the civil service being involved at all, when taking decisions in the Treasury. That has been a major source of disquiet, not only in the civil service but more widely in the financial and economic communities that have been affected by those decisions. It has been pernicious and, from what I can tell, he seems to have carried over the practice, to some degree, into No. 10.

All of what I am describing is a much more important abuse than tampering with appointments. A related abuse is the emergence of what has been called by one Cabinet Secretary the development of a parallel state—meaning special advisers and envoys. We have to clamp down on that. Taking envoys first, patronage has been extended to the appointment of Back Benchers, who are given envoy titles and expenses. We have had an envoy on forestry and on—

Mr. Walker: Cyprus.

Mr. Tyrie: Yes, and on just about everything I can think of. There are certainly quite a few of them. I am concerned about that, although I do not want to develop that theme in any detail.

Let us take a look at advisers. The argument is that they somehow enable civil servants to stay pure, and that if a Minister wants to do something a little political

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he can call in his adviser and the civil servants can keep their hands clean, but that was never really the problem. Ministers need civil servants who are close to them. The danger is that advisers may become influential enough to drive a wedge between civil servants and Ministers, which is what seems to have happened. I think Lord Wilson said that they have become a substitute civil service, and Lord Turnbull used a similar phrase. A substitute civil service is not healthy.

There has been a huge increase in the number of advisers, and I regret that John Major increased them from around 20 to around 40. When I was a special adviser, there were fewer than 20. We met occasionally with Prime Minister Thatcher, who made it clear that there were far too many of us, and that if any of us misbehaved, by which she meant involving ourselves directly in public politics, she would have our heads on a platter before tea time, or possibly earlier. The number of advisers then rose from 40 to 80, where it has remained, more or less. Friends from the civil service say that having advisers in such key jobs has changed the character of the civil service and the way that it functions at the heart of Whitehall quite a lot.

The predominantly policy role that most of us played when I was a special adviser seems to have been supplanted by a role of spin, which has been extensively examined and confirmed in memoirs. Advisers have often become more powerful than Ministers. The hon. Member for Luton, North made a point about education policy, and he was right on the button. That is exactly what has happened in a wide number of areas. Such advisers deliver speeches, write articles in newspapers, and represent Britain at meetings abroad. Twenty years ago, those functions would have been considered inconceivable for special advisers.

Alongside that, for a long time under Tony Blair, there was a takeover of No. 10 by advisers, and there probably still is. The then Prime Minister congratulated Alastair Campbell on doing a good job of attacking the Conservative party, and he did so at the Dispatch Box. That was not a sensible thing to say, and it is not sensible for an adviser to spend his time doing that. I certainly hope that, if we appoint advisers, they will not consider that to be their role. I worry that there may be a steady deterioration, and that as advisers come in, as they will after the next election or the following one—I expect that it will be the next one, judging by the polls—they will think that that is part of their role. They will have seen what the present incumbents are doing, and think that it is all right. We must change that culture, reverse it and get advisers back to having a much more limited role, and carrying it out properly.

What I have described is clearly politicisation of the civil service. The hon. Member for Cannock Chase said that that is not happening, and that he did not know what evidence there was to support that, but the evidence is overwhelming from the memoirs and leaks that we have had so far about what has gone on during the past 10 or 11 years.

Dr. Wright: I am trying to agree with the hon. Gentleman as much as I can, but I cannot agree with everything he says. He often cites people such as Lord Wilson, but we have talked endlessly to him, and to other former Cabinet Secretaries and permanent secretaries. To a man and a woman, they say that there may be problems with having special advisers in the system, but also that they bring huge advantages, not least in ensuring the civil servants are not asked to do things that are inappropriate. They provide protection for the civil service, and no one has been more emphatic in asserting that than Lord Wilson.

Mr. Tyrie: I completely agree, and those were some of the functions that I undertook—for example, producing a first draft of a party conference speech, with which civil servants would not want to be involved. They may have been prepared to check some facts, but they would not have wanted to get too close to the writing process.

My point, which I have not yet been able to communicate to the hon. Gentleman, is that such legitimate functions as part of a largely policy role for advisers are a long way from what has been going on at the heart of government, where a large number of advisers have directly assumed many of the functions of Ministers. The hon. Member for Luton, North gave an example from education, and such examples are legion. There is clear evidence of advisers writing articles, making speeches and travelling abroad to represent Britain in meetings, and that is quite new in our system of government. Such activities should be brought to an end.

Dr. Wright *rose—*

Mr. Gordon Prentice *rose—*

Mr. Tyrie: I give way first to the hon. Member for Pendle.

Mr. Prentice: I think that I am going to say something helpful to my friend, the Chairman of the Committee. When Lord Butler came before us—the hon. Gentleman will have the report in front of him—my friend, the Chairman, suggested to him that

"having more special advisers, for example, by itself does not cause a difficulty".

Lord Butler, the former Cabinet Secretary, said, "No." In response to a second question from the Chairman, Lord Butler said:

"I have always been in favour of special advisers; they add a great deal."

Mr. Tyrie: I totally agree, and I do not know how the hon. Gentleman is managing to suggest that I disagree with that.

I think that there is a point at which the number of advisers alters the character of Whitehall, and 80 is far too many. Incidentally, other former Cabinet Secretaries and senior civil servants would not agree with Lord Butler if he suggested that 80 is a reasonable number. I certainly agree with Lord Butler's suggestion that advisers can and do play a useful role. The question is: what role, and have we allowed advisers to overstep the mark?

Dr. Wright: I am trying to forge a constructive consensus. It seems to me that there is unanimity that the central issue is not numbers. Almost everyone agrees with that. If special advisers are good, there is a case for having more of them; if they are bad, there is a case for having fewer of them. On the whole, they seem to be good, so a

reasonable number is required. That is logical, but surely the key issue, which I think the hon. Gentleman agrees with, is to be clear about what they should do and what they should not do. That is the issue, and that is precisely what we have said in our draft Bill and in our commentary on the Government's proposals.

The other issue that the hon. Gentleman mentioned is of civil servants being bypassed and their advice not being taken. That is covered by another recommendation in our commentary on the draft civil service Bill. I am sure that he is an assiduous reader of such documents and knows that.

Mr. Tyrie: The hon. Gentleman and I are still like ships passing in the night, despite his best efforts to forge consensus. What he is missing is that having a large number of advisers changes the culture at the heart of Whitehall. Small numbers of advisers may keep their heads down, knowing that if they overstep the mark—the Prime Minister will have approved each appointment, as used to occur during the Thatcher years—they will be out on their ear. Their relationship is different from that of the civil service, and of advisers who are brought in to be pretty much the doorkeeper to a Minister, which is what many current advisers and those of the past 10 years have been.

When I was a member of the hon. Gentleman's Committee—it may have been immediately before he was the Chairman—we had before us Lord Butler, who was then Cabinet Secretary. He did his best to defend the Orders in Council that he gave for Jonathan Powell to effectively take over No. 10. He tried to pretend that the existing structure was exactly the same and that Jonathan Powell was a bolt-on extra who provided added value. I asked Lord Butler where Jonathan Powell sat in the room and he said, "Well, he sits at a desk in the private secretary's office." I said, "Yes, but which desk?" Of course, I happened to know the geography of the room quite well, and he said, "Well, the desk in the top left-hand corner." I said, "That's the desk always occupied by the principal private secretary who runs No. 10." So he has displaced that person. Indeed, that is the doorkeeper position—geographically and in every other way—and it is right by the door to the Cabinet room. Lord Butler said, "Yes." I then asked him whether he thought the geography of a room ever played a role in deciding where power lies and, quietly, he nodded his agreement. That is what is meant by a takeover of the roles formerly played by special advisers, which is certainly what went on during the Blair years.

Several hon. Members *rose—*

Mr. Tyrie: Several hon. Members want to intervene. I shall allow the hon. Member for Luton, North to do so and then the Minister.

Kelvin Hopkins: I am interested that several hon. Members have suggested that civil servants were quite happy about special advisers. Lord Wilson was the permanent secretary at the former Department of Energy, I think, in Tony Benn's time. At that time, Tony Benn was one of the first to have a kitchen Cabinet of two or three special advisers: Francis Cripps and Frances Morrell. He used to meet them at 8.30 am before meeting the permanent secretary at 9 am, and the civil servants used to be enraged by that. Did civil servants still object to special advisers if they did not give instruction in any sense to the civil servants, but just provided advice to the Minister before seeing the permanent secretary?

Mr. Tyrie: I shall come on to Cabinets in a moment. The hon. Gentleman is right to imply—at least I think he was implying—that perhaps the civil service always grumbles whenever there is any innovation of that type. We both cite Cabinet Secretaries as being for and against our various arguments, but we should not necessarily allow them to have a veto on all thinking about the subject. The hon. Gentleman has described Tony Benn's methods of taking advice from those two advisers and that seems a thoroughly sensible and reasonable way for him to have gone about his business.

Mr. Watson: The hon. Gentleman is an acknowledged historian on the location of desks in Downing street. I reassure him that, if his judgment of the impartiality of the civil service is based on the matter of location, the current Prime Minister's personal private secretary's desk is no more than 10 ft away from that of the Prime Minister. Has he read the code of conduct for special advisers that was rewritten in November of last year? It states

> "No special adviser can authorise expenditure, exercise line management supervision over permanent civil servants, or discharge any statutory powers."

Mr. Tyrie: That is a good description of the things that advisers certainly should not do. Of course, that is exactly what they were empowered to do by the dispensation of the Orders in Council that were granted in 1997 by Lord Butler to the incoming Blair Administration. He now regrets that decision and the Government have belatedly reversed it. The Minister is right: the Government have started to act on some of these matters themselves, but that does not excuse the fact that we have had a decade of considerable awkwardness, during which time unacceptable relationships and methods of doing business have developed.

I want to talk about the Cabinet system. The changes in No. 10 under Tony Blair led not only to the growth of presidentialism—someone else mentioned that word earlier—but to the growth of what was really a Cabinet to the Prime Minister. The then Chancellor of the Exchequer did much the same with the growth of a kitchen Cabinet in No. 11. That was a profound mistake. It did a great deal of damage to the civil service, led to widespread demoralisation and impeded and eroded the likelihood of high-quality advice getting to Ministers.

I very much regret that the report seems unable to come to a clear view about all this; in fact, conclusion number 25 states:

> "We remain neutral on whether a formal cabinet system would be a useful innovation."

After the experiences of the past decade, I would have thought that it was blindingly obvious that it would be appalling for the British culture of the civil service to try so radical a step, and I strongly oppose it. On the contrary, we should make it clear—and I hope that my party will—that Cabinet systems are not for us or our political culture.

The one area where the Constitutional Renewal Bill, a piece of draft legislation, was substantive was on the civil service Act. All these issues relate to that proposed Act and, as the hon. Member for Cannock Chase has pointed out, that is the one area where the Government

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seem determined to kick the whole issue into the long grass, rather than actually introduce the measure. However, we might be fortunate and the Minister might give us a timetable for when we will get it on to the statute book.

I have been talking almost exclusively about the changes that will be made in relation to politicians, but I shall make one point on the reform of the civil service itself. There are many proponents of splitting the role of advisers to distinguish political advisers from non-political technical advisers. If we are going to have advisers, Ministers should find the best people, appoint them to the job and not worry about any of the other issues. However, it is important that we have a civil service that is flexible enough to absorb people from other careers and walks of life—not on the basis of secondment for a few years, but on the basis that the civil service is not the type of institution where people are simply recruited at 22, or 23 to do 37 or 42 years of service. The civil service is an institution that should recruit from all age groups. If we are to go down that road, as most other large institutions have done, including big private sector institutions, there will have to be quite a big change in the way in which people are paid and how their pensions are organised. Such changes would mean a breach of the "same pay for same work" principle.

When I worked on privatisation, groups of high-powered, highly-paid people came in from the City and gave us good advice on how to handle things. After three hours in an alien culture, one could almost see them breathing a sigh of relief as they staggered out of the Treasury along the linoleum, which we had in the days before we put down a cheap carpet, on the way to the door to get into a cab and go back to the City. Even if it had cost a lot of money, what we really needed was to have a couple of those guys full-time for a year or two in-house. The Government have moved some way in that direction, but we need more progress to be made on that.

We must also consider the highly controversial issue of pensions. MPs should themselves act as a beacon in relation to pensions. How long can we as MPs continue with the final salary scheme in its current structure, even the funded scheme? We cannot carry on like this indefinitely and I am pleased that the democracy taskforce, chaired by my right hon. and learned Friend the Member for Rushcliffe, came out in favour of the need to reform MPs' pensions and stated that, over time, the final salary scheme should be brought to an end. I am not articulating the particular type of reform that needs to be put through, but reform of MPs' pensions will act as a beacon for reform of civil service pensions. Why is that so important? It is important because if a civil servant has been in the service for 10 or 15 years and is on a final salary scheme, the incentive to stay is extremely strong—it is a lock-in. Until we reform pensions quite fundamentally, we will find it very difficult to get the flow in and out, the exchange between the civil service and other careers and walks of life, that I think all of us believe would make the civil service even healthier than it is now.

There is already some two-way flow. An example of that is Jeremy Heywood, whom I used to work with in the Treasury many years ago and who is back right at the centre of things. However, on the whole, such people are exceptions, right at the top; they are not the rule.

The Select Committee's report is interesting, but it is interesting as much for the things that it has missed out or failed to be robust enough about as it is for the things on which it has been firm and given a clear view. I hope that we will move towards better reform of this whole area of our constitution than we have seen so far. I am confident that an incoming Conservative Government will do what is required, or will do much more of what is required, but in the meantime I hope that the Government will press on vigorously with getting us to a civil service Act, which I have supported ever since I saw what was going on with advisers. After a year or two in Parliament, I came to the conclusion that such an Act was necessary. I started arguing for one in the Public Administration Committee and I have been arguing for one ever since.

The hon. Member for Cannock Chase was not a supporter when I first put those ideas forward. He did not want an investigation into the role of advisers and the need for a civil service Act to protect us from it, but he is now a firm advocate of that. I am very pleased to find that he is aboard and is now a strong a supporter of it.

Dr. Wright: The hon. Gentleman tests my patience. I have noticed in the past that his ability to reinvent history, as well as claiming authorship of anything that has ever happened, is simply extraordinary. First, he was completely wrong when he described my position on freedom of information. The idea that I said that all policy advice had to be covered is complete nonsense. The idea that I was ever not in favour of a civil service Act is nonsense. The idea that I did not want an inquiry into something is nonsense. I do not know why he goes on saying those things.

Mr. Tyrie: I think the hon. Gentleman protests a little too much. I have not made any allegations of the type that he has suggested. On the first, he is absolutely right to say that he was prepared to put in some limits in relation to policy advice, but he also wanted some scrutiny of it under freedom of information and I resisted that. I am surprised that he is so sensitive about that. I cannot remember all the ones that he has just mentioned. On a civil service Act and an investigation into the role of advisers, is he really sure that he did not oppose such an investigation in the run-up to the 2001 election?

Dr. Wright: I am absolutely positive that I have taken the lead in ensuring that our Committee, over the years, has interrogated the issue of special advisers ad nauseam. There is no issue about special advisers that we have not reported on. We have produced endless reports on the matter. I do not know why the hon. Gentleman, when he sees an opportunity to have some agreement and solidarity on an issue, simply does not take it, instead of making these niggling disagreements all the time.

Mr. Tyrie: I am sorry that the hon. Gentleman feels that these are niggling disagreements. All I am trying to do is to demonstrate that I have been arguing for these sorts of reform for a long time.

Dr. Wright: No, the hon. Gentleman is not doing that; he is claiming unique authorship—he does this all the time—of a set of proposals. Yes, he may have had a role in those over the years, but so did a lot of other people. It is a very disagreeable habit.

Mr. Tyrie: The hon. Gentleman seems to be getting very over-excited about a number of relatively minor remarks that I have made. I regret to say that my recollection and his seem a long way apart, but he has asked that we end on a note of agreement—absolutely. I agree with his enthusiasm for a civil service Act. I hope that between us we can push one through and that in time he will also come round to the view that a cap on numbers, as well as a definition of roles, will be required to tackle the special adviser problem.

4.45 pm

Susan Kramer (Richmond Park) (LD): I congratulate the Select Committee and especially its Chairman, the hon. Member for Cannock Chase (Dr. Wright) on the report. Obviously, it has to be viewed as one in a continuum of reports, the crown jewel of which was almost certainly the draft Civil Service Bill. The Government seem to have squeaked this debate in—I thank them for it—just in time before announcements in the Queen's Speech in a sense make this debate redundant. We hope that we will then get to the meat and drink of the reforms that we all want and to a civil service Act.

I am conscious that, of all the Members in this room, I am the least expert. Consequently, and looking at the number of minutes that have gone by on the clock, I shall try to keep my comments brief. I hope that that will not be interpreted as a sign of inadequacy. It is helped by the fact that either the heating is off or the air conditioning has been turned on behind me. In any case, let me try to keep this simple.

I was struck by an early comment in the report:

"Civil service responsibilities are not simply to the government of the day; they should include responsibility to Parliament, and to the constitution."

I have referred to that comment because much of the tension that generates the type of debate that we have had today comes from the difficulty in the relationship between Parliament and the Government as the Executive and the fact that they have moved farther apart over the years. We have a sense that parliamentary government does not function in the way in which it did. Many people have talked about checks and balances and the shift towards something that is much more presidential in style and content. That creates an underlying tension and difficulty in relation to the role that the civil service plays and where its loyalties lie. We must sort out a great deal of that, to have clarity on how the civil service needs to respond and the roles that it performs, and I hope that we will do so.

We have also seen the increasing engagement of the Government in people's daily lives. That has brought to the fore the issue of implementation in a way that it never was in the past. Hon. Members have talked of some of the fairly stark failures of implementation. The tax credits system was driven by a concept of social justice that we would probably all have signed up to, but it was a complete impracticality in terms of delivery. I will not go through the entire list of failures, but we see them constantly repeated. As a legislature, we have not resolved how we deal with that at the point of legislation: so many debates are now curtailed so early, before fundamental issues have been addressed thoroughly.

I do not think that we can say that this is all down to Ministers and that the legislature can be separated from implementation. It is part of an ongoing strand from strategy through to the practicalities of delivery on the ground. We have to rethink how we deal with that in the House, or we will constantly get legislation where we decide commonly that the principle makes sense but where its application in practice causes great anguish and does not serve the goals that we originally identified.

I agree with the comments on the constantly revolving door of Ministers. We have a Swiss army knife approach to people—one day they are hooking out stones from a horse's hoof and the next they are taking the cork out of a bottle. Given the complexity of legislation and the complexity of Government activity in today's world, we must deal with all those issues.

We should consider this matter from the perspective of the public. The public are deeply proud of and committed to the notion of an independent civil service whose members are appointed on merit and through open competition. Whether or not we think that adjustments are permissible here and there, we must be conscious always that that is not the mandate that the public have given us and not their expectation. The service is part of the core British constitution, political life and democratic structure and it must be protected.

The fact that the public are highly suspicious of whether independence still continues, or whether it continues as it should, is something of which we should take serious note. We need a civil service Act, among other measures, to ensure that accountability and transparency are in place, that there is clarity over roles and that we are not constantly saying that perception will never match reality. We need a process that is transparent enough for people to have clarity in their perceptions.

I also believe that the public are not particularly interested in working out who is responsible if there is a fiasco—is it the Minister, or is it a senior civil servant? They always want the Minister, the political person, even if he or she is not directly responsible for the implementation of the policy, to stand up and say, "The buck stops here." We have lost that sense of honour, and the ability to resign. I use the Lord Mandelson example in a different way: resignation is not necessarily the end of a career.

People seem to believe that resignation is a deep and permanent stain upon the character and a failure, but I think that the public want political individuals to stand up and take responsibility when something goes wrong on the train. It may be appropriate also for civil servants to stand up and take responsibility. However, we cannot get out of the obligation that we take on when standing for election. Whether with strategy or implementation, if something is a Government action, the buck stops at the topmost desk.

The Committee's report also discussed the Institute for Public Policy Research report on what I would call quangoisation. I find it a worrying drift. I have increasingly noticed the notion—for example, in Conservative party policy on the health service—that we can create a much more segregated system, in which Ministers decide policy and some sort of commission is set up to be responsible for implementation. I am highly suspicious of that.

When I talk to the electorate, they say that when things go wrong they want to remove the bloody bastards. They do not want to have the political leadership saying, "It's not my problem. I set the policy, but it was badly handled," or "How it was handled is not my responsibility but that of the commission."

[Susan Kramer]

We have seen something similar in local government. I can give only small examples, but a Conservative administration in the borough of Richmond essentially set up a commission to provide grants to voluntary services. That was handy, because whenever a charity complained, councillors could put up their hands and say, "We only set the strategy. If you've got a complaint, go to the commission." That structure, that separation, has been ended because people refused to live with it. They wanted an accountable person making such decisions. The direction of quangoisation is dangerous—comfortable, perhaps, but unacceptable to the public.

The question of special advisers has occupied a great part of our debate. I understand the argument that numbers do not matter, but there is a point at which they start to tell their own story. When we get large numbers, roles inevitably start changing. It seems to me that numbers raise questions, even if they are not necessarily a stigma in themselves. When numbers shift significantly, it shows that the structure is changing. However, I agree with those who say that the power is given to the special adviser—it is the role.

When I talk to senior members of the civil service—they are obviously off-the-record conversations—I feel that there is a great sense of tension among them about the role of special advisers. There is real concern about how the territory is divided. Comments do not come in clear packages, with one being simply a piece of advice and another being an instruction. Life is much more complex. Conversations and meetings are far more complex. That is another reason why we need a civil service Act. We also need a good governance code to show that we cannot consider everything in silos. We need to see how the packages merge together. That is why such a code is so appealing.

I shall stop speaking now and let those hon. Members who have much more to say continue the debate. However, this is only the beginning; I look forward to the legislation coming forward. Only then will we be able to get to the meat and drink of the matter.

4.55 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): Like the Minister, my alternative entertainment this afternoon was with my children—they too are on half-term holiday—but I cannot think why I thought that it would have been more fun than this debate.

We have had a good old-fashioned spat, which has raised blood pressures. We had sparkling contributions from Labour Back Benchers. The hon. Member for Pendle (Mr. Prentice) is always interesting, and he had a lot to get off his chest. He gave the Opposition yet another good example of how to duff up the Government. The welcome spirit of Robin Cook was introduced to the debate by the hon. Members for Luton, North (Kelvin Hopkins) and for Pendle in that marvellous line that good scrutiny is good government.

The debate has also been proof that it is impossible to avoid Lord Mandelson these days. We have to thank my hon. Friend the Member for Broxbourne (Mr. Walker) for introducing the good Lord Mandelson and the ghastly image of him smiling benignly—or smirking, depending on one's political viewpoint—as the adoring civil servants strew palm leaves before him as he re-enters his Department. It is a terrible image, and I am trying to get rid of it myself.

I congratulate the Committee on its report. The hon. Member for Cannock Chase (Dr. Wright), its Chairman, enjoys an outstanding reputation. The report is clearly rooted in a robust process of consultation, with impressive witnesses. As we would expect, it is well argued. However, it did not impress my hon. Friend the Member for Chichester (Mr. Tyrie), and I think that my right hon. Friend the Member for North-West Hampshire (Sir George Young) described as anodyne.

The Committee Chairman may feel that some punches have been pulled, but the most conclusive and clear recommendation—the main one—is to press the Government to deliver a civil service Act. I also congratulate the Committee on its persistence. It has been a long journey, but it seems that it may deliver a result—against what appears to be considerable Government resistance. We spoke earlier about the delay in the Government's response to the report, but that is just one symptom of a wider process of apparent foot dragging. I am sure that the Minister will have something to say on that subject.

As a relatively new Member of Parliament—I have been only three years in this place—some of my most rewarding experiences have been in my work on the Select Committee on Environmental Audit. It is therefore a particular pleasure to see a Select Committee apparently get a result. We should all feel good about that.

I turn to the specific question of whether we are seeing a trend towards the dangerous politicisation of the civil service. With your indulgence, Mr. Jones, I shall put this in a wider context, which I believe is necessary. That context is the erosion of public confidence in the way in which we are governed, which is gnawing away at the vitality of our democracy. We should be concerned about that.

I look at the problem through the prism of my constituency experience. People recognise that there has been change in the style of government. It may have started under a previous Administration—a subject that is open to debate—but people believe that that change has accelerated since 1997. People talk about a presidential approach to government. Prime Minister Blair's outgoing chief of staff, Jonathan Powell, described it as Napoleonic. Similar concerns underlie that sort of language, and they also centre on the short-cutting of due process in policy and decision making.

The hon. Member for Pendle must surely be right that that change was crystallised most clearly in our going to war in Iraq. Out in our constituencies, that is why people's concerns over how we are being governed continue to be crystallised. The reality is that, during the years of that and arguably the present Administration, some of the key words that people conjure up are stamped in our memories. I include names such as David Kelly, Alastair Campbell, the Hutton report, the Butler report and phrases such as "A good day to bury bad news", sofa government and the culture of spin. Those phrases have entered into the lexicon. They have a resonance way beyond the House, and we should be concerned about that.

Kelvin Hopkins: I agree with much of what the hon. Gentleman is saying. One thing that should worry all of us is the declining turnout at elections, which shows a

declining interest in politics or a resentment of the political system by the electorate. According to academic research, it correlates to only one thing: the narrowing difference between the parties. Front-Bench Members from both parties seem to be in the same place ideologically, and the range of views that used be represented in Parliament and that retained interest among the electorate is no longer there.

Mr. Hurd: I am not sure whether I totally agree with the hon. Gentleman, and I certainly do not agree that that is the only constituent factor in the worrying drop in voter turnout. Long political cycles have a part to play in such things and there is another fundamental, structural problem in that people are not sufficiently persuaded that their engagement is going to change anything. In part, that drove me to take the Sustainable Communities Act 2007 through Parliament—there was a strong sense that people needed to have a much greater influence over the decisions that really affected them. A sense of disengagement is part of the problem. I do not wholly agree with the hon. Gentleman, but I recognise what he is saying.

There is an erosion of public confidence in how we are being governed, and the hon. Member for Pendle was robust in listing some of the failures. There are always failures in government, but there have been a string of high-profile, damaging and painful failures that the public feel, because they deal with them. I am talking, for example, about tax credits, the Child Support Agency and the Rural Payments Agency—that was not mentioned but it is on the list of high-profile failures. Among other things, they cause people to ask again, "What is going on in the Government? Why are we getting this apparently systematic failure?" They notice when a Home Secretary, for instance, says that his Department is not fit for purpose. People sit up and listen to things like that and ask, "What on earth is going on here?"

Such things must feed into the morale of the public services. We are talking specifically about civil servants, but we can extend the debate to the wider public services. We all talk to teachers and doctors in our constituencies, and we know that they do not all have a great spring in their step. They are concerned about how they are being managed and whether they are being listened to. The public recognise that. My hon. Friend the Member for Chichester talked about the collapse in morale at the Treasury, and one hears the same about the Foreign Office. Such things must concern us.

The hon. Member for Richmond Park (Susan Kramer) mentioned another problem: it is getting increasingly difficult to get an answer to the questions of who is in charge and who is accountable. The hon. Member for Pendle was strong on the fragmentation of government and the proliferation of quangos and agencies. As MPs, we know that it is getting increasingly hard to find out who can address our constituents' concerns, because the buck seems to shoot round the system. The public are conscious that the power of Parliament has diminished, that local government has effectively been turned into local administration over the past 20 years and of the proliferation of quangos and agencies, and they get increasingly frustrated at the lack of accountability in the system.

One lady comes into my surgery once a month or so with an article ripped out of *The Sun*, the *Daily Mail* or whatever—about data loss, for example—and she is incensed by the fact that no one seems to be held to account. No one puts a hand up saying, "It was my fault, and this is the price I pay for it." She does not understand that. She lives in the real world where, when someone makes mistakes, they are identified and held responsible. The report is very much plugged into that wider malaise. It is crystallised in the quote from Lord Butler:

"There are elements of our government that need improvement and it has got worse".

That is the context of the debate and why the report is important.

To return to the narrow but hugely important issue on which the report centres, which is the relationship between Ministers and civil servants, the hon. Member for Richmond Park was extremely modest about her knowledge. I confess to even greater ignorance: I am an inexperienced Member of Parliament and I have never been a special adviser or Minister and certainly not a Secretary of State, although I know a man who has. My only experience of the interface between Ministers and civil servants was taking the Sustainable Communities Act 2007 through Parliament as a private Member's Bill. That brought me into direct contact with the delicate dance that goes on between Ministers and civil servants. It was clear from the outset that the relevant Department and Secretary of State did not want the measure. However, the Minister concerned, enterprisingly, saw the politics of it and decided that he wanted to change the Department's mind. It was fascinating to see that delicate dance. Actually, it worked out well, because the political vision prevailed and the civil service tied in behind to make it work. In that case, it worked, but the evidence is clearly building that it is not working throughout the system.

My hon. Friend the Member for Chichester quoted Sir Richard Wilson and others on their concerns about the politicisation of the civil service, the inadequate process of giving and receiving advice and the implementation of policy. As the report makes clear, there is a muddle—I believe that that expression is used—of relationships and sense of responsibility and the definitions of responsibility and accountability. That is not sustainable in the increasingly challenging, complex and evolutionary background of government.

We have spoken about fragmentation, but not about devolution, which is pushing power away from Whitehall towards local government. That will make life in the civil service more complicated. We have also not talked about how policy areas such as climate change now cut across Departments. Whitehall finds it extremely hard to deal with such things, which are yet another challenge for it. Of course, all those things are happening in a ferocious new media environment, in which the Minister is well versed—he is well known for being the first MP to put up a blog. That ferocious environment places yet another challenge in the way of our ancient systems and ways of doing business. As the report makes clear, we need to ensure that we have a framework that allows Ministers and civil servants to work together effectively and that does not lock

"them into potentially antagonistic bunkers".

That is a good phrase.

[Mr. Hurd]

The Conservative party have for some time been persuaded of the necessity of a civil service Act. Indeed, a former member of the Shadow Cabinet promoted such legislation in a private Member's Bill in response to the Committee's draft, and it was explicitly called for by the democracy taskforce, which was set up by my right hon. Friend the Member for Witney (Mr. Cameron) and so ably served by my hon. Friend the Member for Chichester. I almost regret that such an Act is necessary. It is possibly not a panacea for some of the problems that we have discussed, but rather a necessary condition of rebuilding a culture of trust and mutual impartiality.

Will the Minister say why such a measure has taken the Government so long? The Chairman of the Committee joked—although he may have been serious—about the journey of 150 years, going back to the Northcote-Trevelyan report. Life did not start in 1997, as we are encouraged to believe, when all three parties were committed to a civil service Act; but since then, we have had an extraordinary process of delay. The hon. Member for Pendle described it as the dance of the seven veils, but I do not think that that is the right image, because it tells of energy, motion, passion and vigour, which have been entirely absent from the process.

To remind ourselves, the process began in 1997. In 2000, a report from the Committee on Standards in Public Life recommended it, and there was another commitment from the Government to the principle. In 2002, the PAC announced its intention to publish its own draft Bill and the Committee on Standards in Public Life again expressed a commitment. In January 2004, I believe, the PAC presented its draft Bill, which in turn was presented as a private Member's Bill, as I said. In November 2004, the Government published their own draft Bill, to which a lukewarm consultation was attached. That consultation expired in February 2005, and the responses to it were published in March 2008. That is not the movement, language or action of a Government who are committed to a civil service Act.

When the Minister speaks, we will listen carefully for reassurances that such an Act has the genuine support of the Government. The messages that underlie the various announcements that have been made suggest that the Government think that there may be a case for an Act, but that "Actually, things work pretty well and are getting better, and anyway we have other priorities." We need to hear from the Minister a stronger commitment to the Act.

We welcome the inclusion of a mini civil service Bill within—in the words of my hon. Friend the Member for Chichester—an otherwise rather disappointing draft Constitutional Renewal Bill. Questions arise, such as does the Minister think that the Government have struck the right balance in making more explicit the responsibility of Ministers to be impartial to civil servants? A lot of emphasis is placed on the impartiality of civil servants, but is there an appropriate balance with regard to the responsibility of Ministers?

There has been a lot of debate about special advisers. Will the Government be more explicit when they define the role of such advisers, and will they bring them back to being givers of advice rather than givers of instruction? What happens if a special adviser breaks the new code and the Minister does not punish him or her? Again, there will be a lot of devil in the detail. As and when the Bill comes before us—again, I would appreciate the Minister being as explicit as he can on that point—the Opposition will hold the Government to account, so that they deliver a really effective Bill that is well balanced and does not fudge definitions. It must play an important part in restoring public faith in not just the civil service, but the whole process of government.

5.12 pm

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): It is a pleasure to work under your chairmanship, Mr. Jones. I congratulate my hon. Friend the Member for Cannock Chase (Dr. Wright) and his formidable Committee colleagues on securing this debate and removing me from the onerous task of going in the rain to Hamleys in Regent street to shop for three hours.

My hon. Friend said that there were no vacancies on his Committee. I am certain that there is a relationship there with the number of vacancies that have occurred for junior Cabinet Office Ministers over the years. I hope that I can be a rule breaker on that one. He is right to say that the Committee has had many successes over the years through its quiet and patient application of pressure on the Government, and all Committee members should be commended for that.

Because of the randomness of parliamentary questions, this is my first opportunity to welcome the hon. Member for Ruislip-Northwood (Mr. Hurd) to his new position. He draws down on a great body of experience, both from the civil service and his ministerial lineage. I wish him well in his new post.

The hon. Gentleman said that we must understand the historical context behind the changes that have been made—and the ones that we intend to make—to the civil service. It is not possible to understand the direction of change without looking back over 150 years at the relationship between politicians and the civil service. The repercussions of those changes and the recommendations that have been made by the Committee go far beyond Whitehall.

As my hon. Friend the Member for Pendle (Mr. Prentice) said—a little too often for my liking—if the civil service and Ministers do not get policies and the implementation of those policies right, the people whom we are elected to represent suffer. What matters most to my constituents is that the Government deliver efficiently on their commitments. I hope that hon. Members will agree that that is the key to the whole debate. How can Ministers and the civil service adapt and respond to the increasingly complex changes to the world in which we all live?

As my hon. Friend the Member for Cannock Chase said, let us look back at the reforms that have taken place. Peter Hennessy described those changes as

> "the greatest single governing gift of the nineteenth to the twentieth century: a politically disinterested and permanent Civil Service, with core values of integrity, propriety, objectivity and appointment on merit, able to transfer its loyalty and expertise from one elected government to the next."

As members of the Committee know, that gift began with the Northcote-Trevelyan report more than 150 years ago. Before Northcote and Trevelyan, servants of the Crown were appointed to office by Ministers. Governance was a family business—I am not making any wisecracks at the relatively new hon. Member—based on who one

knew or was related to. Stafford Northcote and Charles Trevelyan were determined to remove untrammelled patronage from the system, not simply because it was corrupt, but because it was inefficient.

The Northcote-Trevelyan report recommended a proper system of examination before appointment; a proper system of transfers between Departments; that promotion by merit should be strictly supervised; and that annual increments of salary should be conditional on satisfactory work. I am sure that my hon. Friend the Member for Pendle would like me to reassure Mr. Serwotka, general secretary of the Public and Commercial Services Union, that we do not intend to change those principles. When it comes to increments, I think that they will remain in place for the foreseeable future, although we may have a dispute about the way in which increments are calculated.

My hon. Friend the Member for Cannock Chase explained how Back Benchers had to resign their parliamentary seat when they joined the Executive. It was Gladstone who ensured that civil servants had to resign from their post before being elected to Parliament. That detachment from political life is one of the things that is meant by the term "permanent civil service", which has such a long and significant history.

The hon. Member for Chichester (Mr. Tyrie) challenged the notion and said that we might have to change the idea of three decades in the civil service. We have made many changes in recent years to ensure that we can mix up the gene pool. I hope that he will acknowledge the progress that the Government have made in that area.

The Fulton report sought to move the civil service on from what it called

"the nineteenth century philosophy of the Northcote Trevelyan Report".

It said that it

"concentrated on the graduates who thereafter came to form the top of each service and took much less notice of the rest."

As we have all acknowledged today, times have moved on. Today's civil service reflects changed values. For example, we have, thankfully, made great strides in recruiting women, ethnic minorities and those with disabilities. For example, the proportion of women in the senior civil service has almost doubled since 1996. The percentage of civil servants from ethnic minority backgrounds has risen by almost half since 1997, and the proportion of civil servants declaring a disability has more than doubled in the past seven years.

However, the civil service is still recognisably a product of Northcote, Trevelyan and Gladstone, and the many other initiatives and reforms over the years. Here I want to return to the notion of efficiency that was raised by many hon. Members. It was the key driver for reform both 150 years ago and now. In its report, the Committee pointed out that the civil service is expected to give continuity when Administrations change and stand up to the Government; it used the term "constitutional effectiveness". As the Committee notes,

"despite the regular accusations of politicisation, Britain clearly remains singularly unpoliticised."

Although the hon. Member for Chichester attempted to build up a formidable argument, there is general consensus that that is the position.

An area with which we should concern ourselves is how to formulate and deliver policy, or what the Committee called "operational effectiveness". In 1854, Northcote and Trevelyan noted that admission into the unreformed civil service was

"for the unambitious, the indolent or the incapable".

They claimed that success depended not on civil servants' performance but

"upon their simply avoiding any flagrant misconduct, and attending with moderate regularity to routine duties".

Of course fair and open competition has been the mainstay of civil service recruitment for years now, but we want to go further. We must get the best people, but we must also make sure that they continue to perform.

I was pleased to see that the Committee was

"encouraged by the development of the Capability Reviews, which offer greater transparency about civil service performance."

Capability reviews aim to strengthen the civil service to enable it to meet the Government's objectives today and be ready for the challenges of tomorrow. Reviews are carried out by the capability reviews team with a team of external reviewers assembled specially for the Department under review. The reviews are then published to ensure that the process is open to scrutiny and comment.

That leads me to the big questions posed by the Committee report. What are and what should be the respective roles of Ministers and civil servants in the performance exposed so clearly by the capability reviews and so well documented by my colleagues, particularly from the Labour party? The Committee says at the opening of its report:

"We are fortunate to have a civil service which has been held in high regard, both at home and internationally...We are also fortunate to have a robust system of political accountability."

It goes on to suggest, however, that the notions of ministerial and civil service accountability are far from clear.

My hon. Friend the Member for Newport, West (Paul Flynn) mentioned the unimportance of being right—perhaps in contrast with the speech of the hon. Member for Broxbourne (Mr. Walker), which might be described as the unimportance of being wrong when it comes to his criticisms of some of my colleagues—but I disagree. I think that we have a clear and proper democratic line of accountability. It runs from the electorate through Members of Parliament to the Government. The duly constituted Government—that is, Ministers—are assisted by the permanent and politically impartial civil service. Ministers are accountable to Parliament and civil servants are accountable to Ministers. That is proper, because what matters most is to ensure the ultimate accountability of the Government to the electorate.

The Committee is right, though, to assert that

"the civil service's relationship with government has long been recognised as more complex than simply being the enthusiastic instrument of government policies. Politics is separated from the administration in this country, but the two must, can and do work together",

whether on the location of desks in Downing street or on major procurement projects in the IT sector.

I agree with the Committee that

"The task is to get ministers and civil servants working together effectively, not to lock them into potentially antagonistic bunkers."

I can perhaps see why the Committee was tempted to recommend a new governance code in order to be explicit about the legitimate expectations and duties of

[Mr. Tom Watson]

both parties, rather like Einstein searching for a unifying theory. The Home Office compact was a good idea. It has worked, and people tell me that it has worked well. I said that I do not think that the case has necessarily been made for a unifying code, but I do not think that there is anything wrong with Departments supplementing existing codes as the Home Office did. If we can build a body of evidence to show that that has helped to create efficiency, that might be something we should consider in future.

Mr. Tyrie: I have the compact in front of me, and I have read it reasonably carefully. It has a lot of the flavour of motherhood and apple pie about it, to be frank. I shall not read out any bits to demonstrate that, but I think that if the Minister takes a look, he will agree. But what happens when it is broken? What mechanisms are laid down for remedy in the event of non-performance of the compact?

Mr. Watson: The two guiding codes that we already have—the ministerial code and the civil service code—have served us well. They are the codes that have underpinned any compact agreed by Departments. The hon. Gentleman might see it as motherhood and apple pie, but I understand that the civil servants and politicians who struck the compact find it useful in their work. To have a central code to which every Department must adhere might undermine people's ability to reach such agreements. As my hon. Friend the Member for Cannock Chase said, Ministers conduct their portfolios in very different ways. Some are delivery Ministers and some like policy. The hon. Member for Chichester will know that from his experience in previous Administrations.

The ministerial code is a guide to the principles and practices expected of Ministers. It has been strengthened and is now clearly principles-based, so that Ministers and others can be clear about the standards of behaviour expected. In publishing the ministerial code in July last year, the Prime Minister confirmed that

"the acceptance of ministerial office brings with it a serious responsibility and duty to the nation."

Setting out that responsibility and duty, the ministerial code states:

"Ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of their departments and agencies".

The hon. Member for Richmond Park (Susan Kramer) made the point that power can be delegated easily, but responsibility cannot.

The ministerial code is absolutely clear that

"Ministers must uphold the political impartiality of the Civil Service, and not ask civil servants to act in any way which would conflict with the Civil Service Code",

and that

"Ministers have a duty to give fair consideration and due weight to informed and impartial advice from civil servants".

The civil service code explains:

"The Civil Service is an integral and key part of the government of the United Kingdom. It supports the Government of the day in developing and implementing its policies, and in delivering public services."

Civil servants are expected to carry out their role

"with dedication and a commitment to the Civil Service and its core values: integrity, honesty, objectivity and impartiality."

Doing so will help the civil service to

"support good government and...gain and retain the respect of Ministers, Parliament, the public and its customers".

Many Members have discussed the role of special advisers. I do not have time to dwell on the subject, but the code for special advisers says that

"to provide effective assistance to Ministers, special advisers should work closely with the ministerial team and with permanent civil servants, and establish relationships of confidence and trust."

I outlined the new compact from November 2007, which I hope will allay some of the fears of the hon. Member for Chichester. The three codes are related and cross-refer. I do not feel, therefore, that we need a unifying code, but the Committee should keep pressing its case on the role of compacts and how they could improve the way that good governance is achieved.

The latest civil service code, issued in June 2006, provides for the civil service commissioners to hear a complaint under the code directly from a civil servant. That is a new departure, and I hope that the Committee feels it is a response to its pressures about good governance.

It would also be wrong to consider the appointment of civil servants only. Public bodies and the people appointed to them, many of whom are unpaid, also work in the pursuit of better public services. Following a recommendation in the first report of the Committee on Standards in Public Life, the post of Commissioner for Public Appointments was created to ensure that public appointments are made on merit.

Time does not allow me to go into that further, but I think that the Committee would want me to say that we have moved a long way when it comes to public appointments. I am consulting with other Departments about how we can extend to other public bodies the measures that we have introduced in recent years. I have also asked my officials to consider how we might make information about the commissioner's remit, public bodies and public appointments generally more accessible in the digital age.

The Select Committee has played an enormous role in bringing about the new legislation. If my memory serves me well, not all three parties were signed up to it in 1997; I cannot remember whether it was a manifesto commitment of any of the three parties to have a civil service code. The hon. Member for Chichester could probably wear the crown for saying that he has pushed it for some time. We have already introduced some of the measures in the draft legislation: we have a new civil service code, we make an annual report to Parliament on special adviser numbers and cost and we consult with the main Opposition party leaders on the appointment of the First Civil Service Commissioner and the Commissioner for Public Appointments.

The sitting having continued for three hours, it was adjourned without Question put.

Adjourned at half-past Five o'clock.